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NEWS SUMMARY

GENERAL

Israelis fire on Palestine protestors

Israeli troops fired on Palestinian demonstrators in the occupied West Bank as Egyptian President Hosni Mubarak marked Cairo's first full day of control over the Sinai in nearly 16 years by calling on other Arab countries to make peace with Israel.

But he criticised Israel's policy of expanding Jewish settlements on the West Bank, which he said "cannot but heighten turmoil in the area."

He said he looked forward to resumption of talks with Israel on self-rule for Palestinians on the West Bank. Back Page

Fire 'accidental'

Italian investigators believe a cigarette dropped accidentally or short circuit caused Sunday's fire that killed 34 in an antique exhibition in Todi near Perugia. Earlier story, Page 2

NHS strike claim

The Confederation of Health Service Employees claimed widespread support on the first day of its industrial action over pay. Page 8

Vienna shooting

An Austrian security guard died of a gunshot wound at the French trade mission in Vienna in what police described as a mysterious incident.

£250,000 award

Lenny Darwood, 17, of Cleethorpes was awarded £250,000 damages after an appendix operation in 1978 left him blind and crippled because he was deprived of oxygen.

Activists fined

Fines totalling £560 were imposed on 24 people after Saturday's animal rights demonstration at the chemical weapons establishment Porton Down, Wiltshire.

Korchnoi plea

Viktor Korchnoi, the Soviet defector who twice failed to win the world chess championship, made a surprise appearance at a London tournament to plead for the release of his family from the Soviet Union.

Aboriginal warns

Leading aboriginal activist Gary Foley said he expects his people's blood to be shed in planned demonstrations in Brisbane, Australia, during October's Commonwealth Games.

Pole wins prize

Detained Polish dissident author Adam Michnik has been awarded the annual Prix de la Liberte by the French section of the Pen Club for writers.

Volcano erupts

The 8,280 ft Japanese volcano Mt Asama erupted for the first time in nine years, scattering ash on parts of Tokyo. None were reported hurt.

Women now 42%

Women make up 42 per cent of the 153,968 British applicants for university courses starting in the autumn. Page 8

Chinese census

China's first population census since 1964 begins on July 1. It will be conducted by more than 5m officials. The last count was 723m. Conservative estimates are now 1bn.

Briefly . . .

Lebanon's 340 judges went on strike for a 40 per cent pay rise.

The Penlee lifeboat disaster appeal fund reached £3m.

Earthquake measuring Richter 4.5 shook western Indian cities.

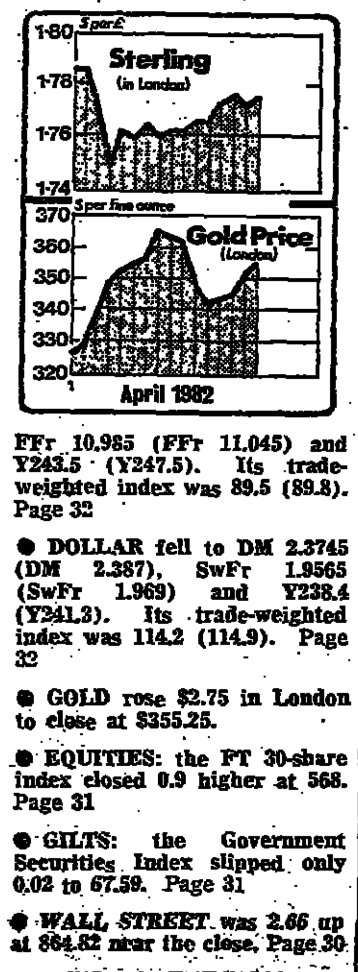
Dame Celia Johnson, star of the film Brief Encounter in 1945, died aged 73. Obituary, Page 17

Mafia boss Frank "Three Fingers" Coppola died in a clinic near Rome, aged 83.

BUSINESS

£ rises on $, gold up $2.75

● STERLING rose 45 points to close in London at $1.776, but slipped to DM 4.2175 (DM 4.23), SwFr 3.457 (SwFr 3.485),



FFr 10.985 (FFr 11.045) and Y243.5 (Y247.5). Its trade-weighted index was 89.5 (89.8). Page 32

● DOLLAR fell to DM 2.3745 (DM 2.387), SwFr 1.9565 (SwFr 1.969) and Y238.4 (Y241.3). Its trade-weighted index was 114.2 (114.9). Page 32

● GOLD rose $2.75 in London to close at $355.25.

● EQUITIES: the FT 30-share index closed 0.9 higher at 568. Page 31

● GILTS: the Government Securities Index slipped only 0.02 to 67.59. Page 31

● WALL STREET was 2.66 up at 864.82 near the close. Page 30

● CBI PRESIDENT, Sir Raymond Pennock, named the 31 members of the confederation's most influential committee for the first time. Page 6

● UK BANK TAXATION review is planned by the Government. Back Page

● EEC GOVERNMENTS decided to resist any increase in internationally agreed interest rates for official export credits. Back Page

● DEVELOPING COUNTRIES could face foreign exchange cash-flow problems because of a growing tendency to take up short-term loans says an Amex Bank study. Back Page

● WALL STREET JOURNAL plans to publish a European edition next year. Page 4

Boeing's profits drop sharply

● BOEING reported sharply lower earnings of $61m ($144m) in the first quarter.

● BANQUE NATIONALE de Paris raised consolidated profits to FFr 1.2bn (FFr 898m) last year. Page 28

● CREDIT SUISSE First Boston, where four key Euromarket executives have resigned, issued a $100m Eurobond for Banque de l'Indochine et de Suez. Story and Feature Page 27

● NCC ENERGY shares were suspended from trading yesterday at the group's request at 35p per share.

● SIMON ENGINEERING reported improved taxable profits of £20.33m (£19.31m) for 1981. Page 20, Lex, Back Page

● TRAVIS AND ARNOLD, the builders' merchant and timber importer, reported pre-tax profits of £5.37m (£6.59m) for last year. Page 20

● BROOK STREET BUREAU of Mayfair reported pre-tax losses of £1.53m for last year, compared with profits of £1.34m. Page 23

● CLIVE DISCOUNT Holdings' disclosed profits for the year to March 31 were £1.09m (£1.03m). Page 20, Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:				
Benlox	29	+ 4		
Clarke (Clement)	136	+ 4		
Crowther (J.)	25	+ 3		
European Ferries	75	+ 4		
Fisher (A.)	43	+ 4		
GKN	165	+ 4		
Hawker Siddeley	328	+ 4		
Jarvis (J.)	341	+ 39		
Lonsdale Universal	72	+ 6		
Lyles (S.)	81	+ 3		
Simon Eng.	373	+ 10		
Tern-Consulate	46	+ 8		
Travis & Arnold	179	+ 11		
Willis Faber	475	+ 10		
Clyde Petroleum	105	+ 5		
LASMO	360	+ 10		
Doornfontein	790	+ 42		
Jo'burg. Cons.	£28¼	+ 1¼		
MIM	190	+ 4		
Poseidon	117	+ 11		
Rustenburg Platinum	190	+ 8		
FALLS:				
Land Securities	274	− 7		
Lloyds Bank	408	− 10		
MEPC	194	− 6		
Energy Cap.	30	− 15		
Global Nat. Res.	690	− 115		
NCC Energy	35*	− 20		
McLeod Russel	285	− 23		

*Prices at suspension

Pressure on Argentina grows

BY PETER RIDDELL, POLITICAL EDITOR

THE GOVERNMENT is to intensify pressure on Argentina in an attempt to end the Falklands crisis quickly, following yesterday's surrender by the Argentine commander of the Falklands dependancy of South Georgia.

Further military action is not being ruled out though and there is distinct gloom in London about the chances of success in the immediate future of further diplomatic efforts.

Mrs Margaret Thatcher told the Commons yesterday that "the urgent need is to speed up the negotiations as the British task force nears the Falklands."

She repeatedly said that "time was getting extremely short." The "windy and stormy weather in the area is a limiting factor in possible military action which any sensible government must take into account."

At the same time, the language used by Whitehall officials to describe the gap between the Argentine and British positions hardened noticeably yesterday. Instead of "serious differences," the two were described as being "miles apart."

The Prime Minister, who was warmly received by Tory backbenchers, argued that "negotiations are more likely to succeed if military pressure is kept up." The invasion of South Georgia is seen, with not much optimism, as reinforcing the pressures for negotiation.

Mrs Thatcher denied that Britain was in a state of war with the Argentine when she said that the prisoners taken in South Georgia were "not prisoners of war."

Mrs Thatcher told the Commons that if Britain was not successful in achieving a peaceful solution the fault would lie "fair and square" with the Argentines. She stressed Britain's determination to pursue negotiations via Mr Alexander Haig, the U.S. Secretary of State, but there were "still considerable difficulties."

There have apparently been no direct communications with Washington except by telegram and the Whitehall view is that everything depends on whether Argentina is willing to resume talks.

The next step is seen in Whitehall as a U.S. decision on economic sanctions, though as long as Mr Haig's mission is still in play the UK does not expect him to come off the fence.

Mrs Thatcher said she understood the feelings of MPs that the U.S. should announce sanctions which she pointed out, "would be of a kind and degree greater, perhaps, than any other which could be brought to bear."

The Prime Minister faced pressure from several MPs to involve the United Nations directly in any peaceful solution.

Mr Michael Foot, the Labour leader, urged the Government to go back to the Security Council. Similarly, Dr David Owen for the Social Democrats said that, while the Haig mission had a "few more days," the Government should be ready to go to the United Nations to discuss possible trusteeship provisions for an interim administration.

Mrs Thatcher again refused to be drawn on the question of UN involvement. She said it had not been involved and she understood the feeling at its headquarters in New York was that it should not get involved while the Haig mission continued.

Asked by a leading Tory MP about a possible reference to the International Court of Justice in accordance with the UN charter, Mrs Thatcher said the matter of the dependency of the Falklands had been referred in 1955 but the Argentines had not agreed to the court's jurisdiction. The possibility of the UK's taking the sovereignty issue to the court has, however, not been ruled out in Whitehall.

The broad all-party support for the Government's approach was maintained yesterday, partly because there were no British casualties during the South Georgia invasion. But there were signs of some strains in this unity on the Labour benches.

The Labour Shadow Cabinet decided yesterday morning to continue its support since it felt the invasion was within the UK's rights and was separate from military action against the Falklands. Mr Michael Foot stressed that Labour would expect the Government to undertake a further round of negotiations to seek a peaceful settlement if the Haig mission failed.

Mr Foot called for a special Commons debate on Thursday, which may well occur.

The inner group of ministers concerned with the crisis (Mrs Thatcher, Mr Francis Pym, the

Continued on Back Page

Falkland's crisis, Pages 2 & 3

Thatcher warns that time for peace is running out, Page 10

Editorial Comment, Page 18

U.S. will 'do anything' for peaceful end

THE U.S. Administration yesterday renewed its commitment to seek a peaceful solution to the Falklands crisis and said that the British South Georgia operation underlined the gravity of the situation and the urgent need to move forward on the diplomatic front, writes Reginald Dale, U.S. Editor in Washington. The White House said that it was prepared to "do anything" to achieve that goal.

President Ronald Reagan said that the situation was "increasingly difficult and time is surely running out." He told the U.S. Chamber of Commerce that his Administration remained "determined to do all we can to help Britain and Argentina resolve their differences without further conflict."

The fate of the peace mission led by Mr Alexander Haig, the U.S. Secretary of State, nevertheless remained in the balance.

Sr Nicanor Costa Mendez, the Argentine Foreign Minister, in Washington for yesterday's special Ministerial consultations among members of the Organisation of American States, postponed a meeting with Mr Haig on Sunday night, after the British move against South Georgia, although the two men spoke at length on the telephone.

Argentine officials said yesterday that negotiations remained "temporarily suspended" because of the British action, and there were no plans for Mr Haig to return to Buenos Aires for further talks. However, Mr Haig and Sr Costa Mendez met briefly just before the OAS meeting yesterday.

Sr Raul Quijano, Argentine Ambassador to the OAS, said Argentina needed "a period to cool off" before resuming negotiations.

As the Ministerial meeting opened, Sr Quijano said that his country was basically seeking "solidarity" from the other treaty members, which include the U.S., rather than the military aid and economic sanctions that the treaty provides for against a country that attacks an American State.

Sir Nicholas Henderson, the British Ambassador in Washington, said he expected a show of support for Argentina, but little more. "There will be an act of hemispheric solidarity. There always is in these cases," he said.

Portrait of a polite invasion

By Bridget Bloom, Defence Correspondent

BRITAIN'S RECAPTURE of South Georgia, at least as portrayed to the Press yesterday, sounded rather a gentlemanly affair, suggesting the polite days of the Raj rather than this age of high-technology warfare.

The options facing the Government now that it has retaken the lonely South Atlantic island are more fraught.

The Defence Ministry in London is not saying what it will do with South Georgia now. Much will depend on the Government's military strategy.

The island could provide safe anchorage if not berths for several ships, temporary landing for helicopters and probably also for the task force's Sea Harriers.

It will also serve as a useful if uncomfortable base for troops who might otherwise lose their landlegs in heavy South Atlantic seas. It is also out of range of most of Argentina's large airforce.

The key military question now is whether the task force will be asked to follow up its success in South Georgia with what could be the infinitely more difficult invasion of the Falklands themselves, now heavily reinforced.

Mrs Thatcher, the Prime Minister, made much in the Commons yesterday of how short the time was getting as the task force approached the Falklands. Its military options in the heavy winter storms were few, she said.

Mrs Thatcher probably will have been told by Service chiefs that there are two main options:

● to stand off the Falklands, tightening the blockade around them in the hope of persuading Argentina towards a settlement acceptable to Britain; or

● an invasion.

This, however, could be an altogether less gentlemanly affair.

The battle to recapture South Georgia was over in under two hours. No one was killed. One man, an Argentine, was wounded. Argentine prisoners (156 military, 38 civilians) were said to have been treated with humanity. After it was all over the two Argentine commanders dined aboard a Royal Navy warship.

Lt-Col Tim Donkin, on the staff of the Major-General of Royal Marines, was doing the briefing in London yesterday. He spoke in the Defence Ministry's great South Hall, transformed into a Press room only last weekend.

Continued on Back Page

Ford's imports exceed exports for first time

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

FORD of Britain's visible imports cost £164m more than its exports last year. This was the first time the company's imports into Britain were worth more than its exports from this country.

The company's 1981 annual report, published yesterday, also showed: pre-tax profits fell last year by 2.7 per cent to £220m from 1980's £226m while sales rose by 5 per cent from £2.924bn to £3.073bn.

At the year-end Ford of Britain had loaned its U.S. parent group £656m.

Mr Sam Toy, chairman and managing director, suffered a substantial cut in pay compared with his predecessor, Sir Terence Beckett, now director-general of the Confederation of British Industry.

Referring to the fact that Ford's balance of trade had gone into the red last year, Mr Toy blamed "the inability of the UK assembly plants to achieve fully their production targets" and said this had forced the company to import a high volume of cars in 1981.

FORD OF BRITAIN	1980	1981
Sales	£3.073bn	£2.924bn
Pre-tax profit	£220m	£226m
Balance of trade	£56m	−£164m
Vehicles		
Produced in UK	522,484	470,001
Sold in UK	713,000	676,000

Of the 459,365 new Ford cars registered in Britain in 1981, 203,291 or 46 per cent were assembled overseas. This compared with 216,760 or 48 per cent of the 464,706 Fords sold the previous year.

Ford of Britain has once before recorded a small visible balance of trade deficit, £20m in 1979 when the company was suffering the after-effects of the worst strike in its history at the end of the previous year.

However, this was almost certainly covered by an "invisible" trade surplus. Last year Ford estimates its invisible surplus was £124m. In 1980 the visible surplus was £56m and the invisible one £143m.

Commenting on the financial results, Mr Toy said that by any business standards they were unsatisfactory.

He went on: "We are simply not getting adequate returns from our manufacturing and trading operations. We all know that the high value of the pound is not helping in world markets. But the core of our problem is still low productivity.

"Until we address that issue successfully we cannot hope to reverse the pattern of rising imports and falling export volumes."

Continued on Back Page
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Lahnstein is Schmidt's new Finance Minister

BY JONATHAN CARR IN BONN

HERR MANFRED LAHNSTEIN, a state secretary who is Herr Helmut Schmidt's right-hand man at the Chancellery, is to be West Germany's new Finance Minister. Herr Lahnstein is aged 44.

He will succeed Herr Hans Matthoefer, 56, who has heart trouble and is moving to the Post Ministry, an office less subject to conflict and tension.

The Finance Ministry move is the major change in a Cabinet reshuffle which also involves the Labour and Family Affairs Ministries and is likely to be made public officially today.

Herr Matthoefer told the Chancellor last Wednesday that his health would not allow him to continue with the finance job which he has held since 1978. However, as a gesture of loyalty to Herr Schmidt he was ready to serve in another Cabinet capacity.

Despite his relative youth, Herr Lahnstein seems well suited to his new job. He was formerly State Secretary at the Finance Ministry, with responsibility for national and international monetary affairs.

He held that post until late 1980, when he became head of Herr Schmidt's Chancellery—a job which includes co-ordination of the country's intelligence services.

In other Cabinet changes Frau Antje Huber, who stepped down as Family Affairs Minister a fortnight ago, is expected to be succeeded by Frau Anke Fuchs, at present State Secretary at the Labour Ministry.

Herr Herbert Ehrenberg, a luckless Labour Minister at a time of growing unemployment and increased financial pressures, is to stand down.

As expected, only members of Herr Schmidt's Social Democrat Party (SPD)—the senior partner in the Bonn Coalition Government—are involved in the reshuffle.

Profile, Page 2

Dockers rush for redundancy

BY BRIAN GROOM, LABOUR STAFF

PORT EMPLOYERS are being flooded with volunteers take payment of up to £22,500 offered for six weeks to secure more than 2,000 redundancies among Britain's 18,000 registered dockers.

The scheme has been running for only eight days, but Liverpool has more than 900 applicants for the required 715 redundancies, while London has almost reached the 723 it is seeking. If applicants continue to come forward in large numbers the scheme will be heavily oversubscribed.

The six-week offer is aimed principally at reducing labour surpluses at these two ports, which have been ordered by the Government to end their losses by the end of the year.

Some other ports have yet to decide how many dockers they want to go. The pattern is underlined at Tees, however, where 90 to 100 have applied, against a target of 57 redundancies authorised by the National Dock Labour Board.

Employers appeared pleased by the response, rather than worried that they had set payments too high. The Port of London Authority said it would enable the local labour board to consider skills and age ratios in choosing who should go. Some applicants are expected to withdraw before the redundancies are completed.

The scheme provides maximum payments of £22,500 for registered dockers with 15 years service who are aged 61 or under, with scaled payments for dockers with shorter service and for those between 61 and 63.

By yesterday there had been 630 applications in London from the workforce of 4,577, with more to be counted. Liverpool had received 902 applications—more than a quarter of the port's 3,420 dockers.

The cost of redundancies at these two ports will be met by government aid. The Mersey Docks and Harbour Company has extended the offer to all employees, in an attempt to cut 1,500 from its docker and white-collar workforce of more than 5,000. Applications have been high among non-dockers.

An anomaly has arisen at Hull, which wants 108 redundancies. Dockers' leaders are pressing for applications to be accepted, but employers are resisting because labour shortages have developed since a new two-shift system began to generate extra trade.

£ in New York

—	April 23	Previous
Spot	$1.7715-7745	$1.7755-7770
1 month	0.20-0.25 pm	0.25-0.28 pm
3 months	0.45-0.50 pm	0.69-0.72 pm
12 months	1.85-1.95 pm	1.90-2.00 pm

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Dutch prepare to fight on steel quotas

BY CHARLES BATCHELOR IN AMSTERDAM

THE NETHERLANDS is expected to take a tough stand in next month's EEC steel negotiations to ensure that Hoogovens, the country's main steel-maker, is given adequate production quotas.

Hoogovens fears that the pending breakup of Estel, the Dutch-West German steel combine in which it and Hoesch are the operating companies, will mean it is given an unsatisfactory quota for finished products. It believes it must expand its output of such products if the company is to remain viable.

Estel is being disbanded under pressure from the Bonn Government which wants to form a national steel industry from a combination of Hoesch and Krupp. Estel is still a legal entity, but Hoesch and Hoogovens have operated independently since February.

At present, the European Commission allocates a production quota to Estel which then distributes it between its two operating companies. Hoogovens, in the past, has supplied 300,000-400,000 tonnes of semi-finished steel a year to Hoesch which then manufactures finished products. Hoogovens is seeking to obtain this entire finished products quota in talks with its former West German partner.

The EEC Council of Ministers is due to meet on May 4 to discuss an extension of the quota arrangement beyond July 1. Viscount Etienne Davignon, the Industry Commissioner, has expressed sympathy for Hoogovens' difficulties, according to the company.

Hoogovens has the backing of the Dutch Government in its claim for an adequate quota. Mr Jan Terlouw, the Economics Minister, told Dutch MPs last week that unless changes are made to the quota system, the company would allocate an unacceptable quantity.

Talks are also continuing between the two sides on the other main problem—the allocation between the two companies of Estel's 1980-81 losses of more than Fl 1bn (£210m).

Estel said it was impossible to give the overall figure for the company's present EEC production quota since this was composed of a number of different products and reference periods. In 1980, the last full year for which information is available, it made 5.14m tonnes of pig iron and 8.54m tonnes of rolled steel products.

● The EEC's steel production, excluding that of Greece, reached 11.1m tons last month, down 3.1 per cent from February, AP reports from Luxembourg. The March total was 1.1 per cent below that of the same month of last year.

Oslo issues more oil licences in north

By Fay Gjester in Oslo

BRITISH PETROLEUM is among 12 foreign oil companies given shares in six licence areas off the country's central and northern coasts under an allocation by Norway's oil ministry.

The awards, confirmed at the weekend, make BP the operator on Halten Bank block 6507-10, the first time Norway has given a foreign oil company such responsibility north of the 62nd parallel.

The six blocks comprise three on the Halten Bank off central Norway, and three on the Tromso Patch to the west of the North Cape. Two or three of the established Norwegian oil companies (Statoil, Norsk Hydro and Saga) together hold a majority on each block. Shares of 10-20 per cent have been given to the foreign partners, except BP which has a 30 per cent stake.

Statoil, the state oil company, has a 50 per cent stake on each licence, with the right to increase this to 80 per cent under a sliding scale, according to eventual production levels.

The Ministry reserves the right to transfer "part of Statoil's rights" to "others" at a later date.

Britain confident in stability of sterling holdings

BY DAVID MARSH

THE BRITISH Government is confident that the large holdings of sterling by foreign investors in London are mainly stable and are not likely to be run down significantly as the result of uncertainty over the Falklands crisis.

Identified overseas holdings in the City of sterling bank deposits and other sterling investment instruments total close to £15bn—about £7bn more than Britain's official reserves of gold and foreign exchange.

Overall inflows during the three years since the general election amount to around £11bn. These have been mirrored by British residents' transfer of large sums on to foreign banking and securities markets following the abolition of exchange controls in October 1979.

Since much of the foreign-held sterling is in relatively short-term investments, which could be withdrawn fairly quickly at a time of waning confidence, the massive build-up of overseas funds represents a potential "overhang" which could depress the pound's exchange rate.

Treasury officials say, however, that the bulk of the inflows has been from private sector depositors rather than from central banks and government institutions, whose sterling holdings are officially considered to be more volatile.

Because of this, there is thought to be only limited danger of withdrawals. The Treasury believes that some of the flows into Britain have been of a similarly long-term nature to the large placements which have been made overseas by British pension funds and insurance companies.

Bank of England figures show that overseas sterling balances are split about 3:1 between private and official holdings. This compares with a ratio of about 2:1 in early 1979.

Treasury officials point out that at the time of the 1976 sterling crisis, official holdings fell rapidly but private sector investments proved remarkably resilient. They also say that Britain's financial position is much better than indicated by the comparison of overseas sterling balances against the official reserves.

The reserves have fallen over the past year mainly because of valuation changes and further repayments of the Government's foreign debt. In terms of the net position—taking into account overseas borrowings—the reserves have improved substantially since the May 1979 election.

Herr Lahnstein . . . no seat in Parliament

Lahnstein: a talent for words and music

By Jonathan Carr in Bonn

TWO QUALITIES above all will stand Herr Manfred Lahnstein in good stead as he takes over the post of West German Finance Minister.

Even in the blackest situations, he is able to convince others that there is a way through the difficulties.

And even at the most hectic moments, he seems to have time over to sit back, take stock and smile at himself. Irony is never far away.

He will need both these attributes to the full. He is taking over what is arguably the toughest job in the Cabinet (apart from that of Chancellor Helmut Schmidt) from Herr Hans Matthoefer.

At home, difficult federal budget talks are coming up within weeks, putting further strain on the coalition Government of Social Democrats (SPD) and liberal Free Democrats (FDP).

Abroad, he will be facing serious financial and monetary problems within the European Community and, further afield, all the difficulties associated with high U.S. interest rates and a Washington Administration disinclined to curb dollar fluctation.

Further, his personal position as Finance Minister is not going unchallenged. Herr Lahnstein has been a member of the SPD for many years and has close contacts with the trade unions.

Those contacts helped him be of service—albeit very much behind the scenes—in the crucial national metalworking wage negotiations at the start of this year. However, as State Secretary and head of Herr Schmidt's Chancellery he is a civil servant without a Parliamentary seat.

There was thus some growling from members of the SPD parliamentary group last week when it emerged that someone who was not one of their number might be appointed to the Finance Ministry job.

Born in the Rhineland, he began his career in union work in the country's most populous state of North Rhine-Westphalia, which includes the Ruhr industrial area. He moved to the European trade union secretariat in Brussels in 1965 and two years later he went to the European Commission.

He was hauled back to Bonn in 1973 by Herr Willy Brandt, then government leader, to head the economic policy section of the Chancellor. From there, he moved to the Finance Ministry, rising to become State Secretary for national and international monetary affairs in 1977.

After the last general election in October, 1980, Herr Schmidt made him head of Chancellery.

There can be no doubt about Herr Lahnstein's financial expertise, nor about the many international contacts he has built up over the years, above all in the U.S. which he likes and visits often. He has other talents, too.

When he decides to take time off, Herr Lahnstein shows he can be quite a musician. The federal republic, in fact is about to gain its first trombone-playing Finance Minister — a Dixieland jazz expert and former stalwart of the "Footwarmers" group in Duesseldorf.

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W. German chemical output falls

BY KEVIN DONE IN FRANKFURT

PRODUCTION OF chemicals in West Germany fell in the first quarter by 3 per cent as companies felt the impact of the continuing domestic recession. Exports provided the only source of growth, but the rate of expansion is weakening in demand from foreign markets. The West German industry is the world's biggest exporter of chemicals.

According to estimates from the West German chemicals industry association (VCI), the sector's turnover rose by only *4 per cent in nominal terms*, while producer prices jumped by more than 8 per cent. Foreign chemicals sales increased by some 7 per cent in value in the first quarter compared with the corresponding period last year.

Weak demand this year for chemicals — one of the most important West German industrial sectors with sales last year of DM 116.9bn (£27.5bn)—has continued from the recession of 1980/81. According to Professor Herbert Grunewald, chairman of Bayer and president of the VCI, there are still no signs of the upturn in the domestic economy hoped for in the second half.

The sectors most affected by falling demand in the first quarter were inorganic and organic basic chemicals, plastics, paints and fertilisers. Consumer products, such as detergents and cosmetics are also suffering from falling general retail sales.

Demand is still rising for the research-intensive products, pharmaceuticals and agricultural chemicals, but here, too, growth rates are slowing.

Around 46 per cent of West German chemicals production was sold abroad last year and the industry has invested around DM 14bn (£3.3bn) in the past 30 years — more than any other sector — in building up foreign production interests.

The industry is concerned about growing protectionism not only in developing countries but also in classical export markets. In addition, it is running into increasing competition from U.S. and Japanese chemicals exports in third markets. Through concentrating on certain narrow market segments the Japanese industry has started to win "interesting market shares," says Prof Gruenewald.

Italy sets up inquiry into blaze deaths

By James Buxton in Rome

A judicial inquiry has begun into the tragic fire which killed 34 people at an antiques fair in the central Italian town of Todi on Sunday.

The disaster has already provoked criticism of the organisers of the event, the state of the Italian fire service and fire protection legislation.

The fire broke out on the second floor of an ancient palazzo in the heart of the city. Smoke and flames prevented many people from escaping down the only staircase.

Fire engines took 45 minutes to arrive from Perugia and Terni at least 25 miles away, and many of the survivors escaped by jumping from the top floor of the building onto the roof of a large van in the street.

The cause of the fire is thought to have been an explosion of something highly inflammable, such as a gas cylinder, in a room in the Palazzo, though magistrates have ordered police and firemen to look for any evidence of foul play. The fire spread fast because of the combustible nature of the merchandise.

The main reason for the deaths and the scores of injuries, many of them serious, is thought to be the fact that Todi has no fire brigade, despite being a town of about 20,000 people. It is well known to tourists as one of the most beautiful in Umbria.

A leader of the firemen's union has already called a two-day strike over the disaster. The union says that if fire prevention regulations contained in a Presidential decree that has yet to be passed had been in force, the tragedy would have been avoided.

It also says that the long-promised decentralisation of fire stations has not been implemented.

Sig Giuseppe Zamberletti, Minister for Civil Protection, who handled the relief operations after the November 1980 earthquake in southern Italy, said on Sunday that the Italian fire brigades were short of staff and equipment.

Polish unions movement heads for split

By Christopher Bobinski in Warsaw

A ROW has broken out among the leadership of Kazz, Poland's confederation of politically independent small trade unions, which threatens a split in the movement and has implications for the power struggle in the establishment.

Kazz, which was suspended under martial law, enjoyed the support of some 1m members who belonged neither to Solidarity nor the loyalist "branch" trade unions.

The row came after Kazz activists, led by Mr Wieslaw Grzymski from the Foreign Trade Employers' Union, met last week with Mr Albin Siwak, a hardline Communist Party politburo member and an advocate of a return to the traditional model of branch unions.

The meeting came after the leader of Kazz, Mr Bogdan Piutkowski, demanded publicly that Kazz and Solidarity be reactivated, and that the principle of pluralism in the union movement be preserved.

Mr Siwak's supporters in Kazz, however, have been accused of favouring a merger with the old branch trade unions, a development which would strengthen Mr Siwak's hand.

Last week, the Kazz leadership overwhelmingly voted against a proposal that the Siwak meeting be followed by another, and expressed a vote of no confidence in Mr Grzymski.

Supporters of Mr Kazimierz Barcikowski, a senior moderate Politburo member and Mr Mieczyslaw Rakowski, Deputy Premier, have already showed concern that Kazz might be veering towards the Siwak wing.

Despite its small size, Kazz is potentially important. The grouping has not been attacked by the authorities for anti-state activities yet it is independent of official control.

Argentine troops line up to receive communion at an open-air service in the Falklands.

Bosporus move 'administrative'

BY METIN MUNIR IN ANKARA

MEASURES INTRODUCED last week by Turkey to regulate transit and navigation in the strategic Bosporus Straits do not constitute a unilateral amendment of the Montreux Convention, a Turkish official said yesterday. They are merely an "administrative and technical re-organisation" designed to cope with increased traffic.

The Turkish Government has issued new regulations which state that "transit through the Straits of Instanbul can be suspended temporarily by the port authority in the case of necessity." They also make pilotage and towage compulsory for specific transit routes and anchorages.

These appeared to contravene the 1936 Montreux Convention which guarantees "complete freedom of transit and navigation in the straits" for merchant vessels, and lays down that "pilotage and towage remain optional."

The Bosporus, running between the Asian and European shores of Istanbul, is 36 nautical miles long and constitutes the only link between the Black Sea and the Mediterranean, through the Aegean Sea.

The Turkish official said Turkey has merely retained the right to shut the straits when fog, storms and collisions might cause damage to life and property. This right was exercised "for any good reason" in the past and was acknowledged by the Convention's signatories — Turkey, Bulgaria, France, Britain, Greece, Japan, Romania, the Soviet Union and Yugoslavia.

The clause on compulsory pilotage did not affect free transit, he said, and was a restatement of the existing situation.

The regulations are being examined by the naval authorities of the nations concerned, including those of the U.S. A U.S. official commented: "We are not worried now because we don't understand what has changed. But this does not mean that we will not be extremely worried when we do."

● Turkey's foreign trade deficit declined by nearly 54 per cent in the first two months of this year, as the export boom which started last year continued.

Exports amounted to $856m (£480m), about 20 per cent higher than in the previous year, according to preliminary figures. Imports declined by some 21 per cent to $1.275bn. The trade deficit dropped to $419m from $908m.

Turkish exports grew by a remarkable 62 per cent last year to reach $4.7bn. The target set for this year is $6bn.

Ecevit's colleagues investigated

BY OUR ANKARA CORRESPONDENT

TURKEY'S CHIEF military prosecutor yesterday started questioning former members of parliament belonging to the banned Republican People's Party (RPP), in connection with allegations that they were involved in political violence and secessionist activities.

As they were being questioned, Mr Bulent Ecevit, the former Prime Minister and RPP chairman, was arrested by a martial law court for the second time in two weeks. He has been in jail since April 10 and the second arrest warrant seems to be a mere legal formality.

His first arrest which followed an interview in a Norwegian newspaper, was linked yesterday to a statement broadcast by Dutch television. Mr Ecevit's lawyers deny he gave an on-the-record interview to the Norwegian newspaper and claim that the Dutch broadcast was based on a private letter.

The military prosecutor is intending to question some 260 former RPP members of Parliament. Yesterday he saw three former cabinet ministers: Mr Hasan Esat Isik (Defence), Mr Deniz Baykal (Energy) and Mr Irfan Ozaydinli (Interior).

The investigation was prompted by a report prepared by lawyers acting on behalf of the extreme right-wing Nationalist Action Party, whose leaders are on trial for their lives. The lawyers alleged that the RPP was actively involved in the political terror and secessionist activities which nearly caused civil war in Turkey in the two years before the military takeover in September 1980.

JOHN WYLES comments on how the crisis could change the EEC's outlook

Community may owe debt to Argentina

DOES THE unprecedentedly prompt agreement by Britain's EEC partners to ban imports from the Argentine impose any sort of moral obligation on the UK? Does it, in particular, mean that Mrs Thatcher should settle for less than she really wants in the way of a reduction of British payments to the Community budget?

The fact that these questions are floating somewhat eerily on the diplomatic breeze here is causing some unease in British circles. The UK is not used to being beholden to its partners and Mr Francis Pym does not want to enter his first budget negotiating session of EEC foreign ministers in Luxembourg today carrying some kind of moral handicap.

Mr Pym's call for the special Brussels meeting on Tuesday of last week was partly to avoid this. His effusive thanks for EEC support over the Falklands crisis and the briefing he gave his Community colleagues was meant to keep this issue quite separate from the budget.

There is no earthly reason why they should be connected. Arguably the Community's response to the Argentine invasion of a sovereign territory covered by the Treaty of Rome was both appropriate and necessary.

Equally necessary, the British will argue, is the need to remove the injustice which would allow the EEC's fourth poorest member-state from becoming the largest or second largest net contributor to the Community budget.

There is a sense, however, in which the two issues are related and the link does impose some obligation on Mrs Thatcher and her Ministers. One of the reasons why most member-states detest having to negotiate solutions to the British budget problem is that, apart from hitting their pockets, the issue offends their sense of what the Community is about.

To many British politicians and officials it is all Continental cant, but there is a sincere belief in many Community capitals that the British take the narrowest possible view of EEC membership and that the advantages and disadvantages are all summed up by the vexed question of net budget payments.

The ban on imports from the Argentine is the strongest possible reminder that there is a great deal more than that to EEC membership, and other EEC governments will be expecting Mrs Thatcher and her Ministers to hammer this point home to the British people.

Once the Falklands crisis has passed, there is a clear opportunity for the Government to use the Community's backing as the launching pad for a new campaign aimed at eroding those British public opinion poll majorities which believe that EEC membership is bad for Britain.

But, and this is the point to be taken on board in other EEC capitals, there will be no lift off for this campaign if the UK is forced either to fight a bitter and bloody battle over budget payments in the coming months or, if it is seen to "sell out" by accepting a budget burden larger than £200-£300m a year.

If agreement is to be reached today there is thus a need for Britain and its partners to return to the well of "Community solidarity" whose waters everyone thought had run dry but whose heady brew has produced the unprecedented import ban. More time is needed to assess its implications for the Community but the speed of the decision and the readiness to sweep away technical obstacles is an object lesson on what can still be achieved in Brussels.

Exhilarated by the experience of negotiating the ban, one German official says: "I have not had the same feeling for a long time. Here was a case where we were doing something for the Community with no national profit to be gained, in fact quite the opposite. But all governments could see that the issue of protecting territory against acquisition by force was of great importance. A Community response could not be avoided and no one wanted to avoid it."

In producing this response, the Community was backing the judgment of British ministers about the measures needed to resolve a British crisis speedily that was arguably brought about by a failure of British policy. One has to have spent hours watching Ten ministers wrangling over the minutiae of something like monetary compensatory amounts to begin to sense what Argentina may have done for Britain and the EEC.

David Buchan, in Kosovo, reports on the growth of demands for the province's autonomy

Weak link in Yugoslavia's chain under strain

KOSOVO is the weakest link in the Federal chain that holds multinational Yugoslavia together. Money and police have been poured into the province to prevent it snapping away, but protests by some of the province's 1m ethnic Albanians for greater formal autonomy — which led to fighting in the streets of Pristina last year — have continued sporadically this spring. These face Yugoslavia with its most serious political challenge since the death of Tito two years ago.

The protesters have clamoured for elevation for Kosovo from a province loosely attached to Serbia to full republic status, on a par with Serbia and Yugoslavia's five other republics. Their cause has been taken up by Albania, with its powerful Radio Tirana transmissions and propaganda Press has accused "great Serb chauvinism" of once again *trying to deny Kosovan Albanians their just rights.* Tirana's support has confirmed most Yugoslavs in their suspicion that the "republican" demands are the thin end of a wedge that would split Kosovo off into the waiting grasp of President Enver Hoxha of Albania.

Kosovo largely runs itself *already. It has slightly fewer* representatives at the Federal level than full republics, but has a blocking veto over major decisions and control over its local economy as well as its own flag. The argument can be boiled down to those who ask if Kosovo has these powers already, why should it not go one step further, versus those who question if it has these powers, why should it bother about republican status—unless this hides something more sinister?

Yugoslavia's constitution gives republics, but not provinces, the theoretical right to secede. The theory goes that ethnic groups which have their majority inside the borders of Yugoslavia qualify for a republic in the federation, but the two groups of ethnic Albanians and Hungarians — which have a "homeland" elsewhere only get provincial status without any right of secession.

Thus, those groups unlikely to secede are given the right on paper to do so and those who might conceivably be tempted to join other states, are given no such right. It is a "Catch 22" but probably necessary if Tito's Yugoslavia which has given the Balkans nearly 40 years of unusual stability is not to come apart. Yugoslavia's ethnic Hungarians rest content in their province of Vojvodina, but would undoubtedly seek to imitate any change in Kosovo's status.

Quite why anyone might want to join hands with the Hoxha régime is a mystery to those Kosovan Albanians, such as Mr Agim Zatriqi, the province's television director, who know anything about the bread and water conditions in Tirana. "In *any case, in the Balkans* it is impossible to think of any territory as ethnically pure," he says.

While this is still true, it is nonetheless the case that Kosovo is rapidly becoming more ethnically Albanian. With Europe's highest birthrate, at 2.6 per cent a year, Kosovan Albanians are breeding faster than the Serbs there; to the extent that the latter are now 14.9 per cent of the province's population, down from 20.8 per cent 10 years ago.

Serbs and Montenegrins of Serbian origin are also leaving in increasing numbers. Their exodus speeded up after the riots in March 1981, despite greater police protection. Their *tales of harrassment* raise the risk of a Serbian backlash.

For the moment, the "Federalist" forces have carried the day. The number of police and militia in Kosovo is a secret, but they include units from all republics to blunt Tirana's accusation that it is just the Serbs up to their usual practice of repressing Albanians. Out of the 280 people who have been arrested and sentenced, 70 of them are students from the University of Pristina, the core of the disturbances.

The university's rector, Mr Munir Bushi, says that there were a couple of brief demonstrations this spring and that some students are still being expelled from the campus and from the local Communist Party, but things are now settling down. The police claimed recently to have uprooted Albanian-backed "irredentist" and "counter-revolutionary" organisations.

Far the harder task, however, is to remove the economic root of Kosovo's discontent. Kosovo may be more prosperous than Albania, but it is much worse off than most of the rest of Yugoslavia. Its average income is one-sixth of that of the richest republic, Slovenia—U.S.$4,800 (£2,700). The gaps in wealth in this one country are as big or bigger than in the whole European Community.

Kosovo did start life in the Yugoslav Federation way behind other regions, but the

difference has widened further. In 1947 the Kosovan income was 49 per cent of the national average: in 1980, 28 per cent.

Like a lame runner on an athletic track, Kosovo keeps getting "lapped" by its faster growing brethren in the Federation. This is despite the money that has been spent on its problems over the years. Since 1966, Yugoslavia has had a regional aid fund. In its first five years it paid Kosovo 2.7bn dinars (£33m), or 30 per cent of the total. This share has steadily risen, so that in 1981-85 Kosovo is due to get 97bn dinars (£1.2bn), or 42 per cent of total regional aid.

Mr Dragan Vasiljevic, the regional fund's assistant director, says the effort failed on three counts. First, the Kosovo provincial government diverted too much of the investment funds into expanding social services for its growing population. Second, much money went into developing Kosovo's large energy and mining potential, whose products were kept low in price by the Federal government. Third, what labour-intensive industries were developed turned out goods poor in quality and design. *The result is* that growth in population has outstripped that in the economy, and unemployment of more than 30 per cent has created dry tinder for any nationalist sparks.

At bottom, it has been a failure of human management, so the new strategy is to get the more efficient companies from Yugoslavia's richer areas to lend a direct hand. Since the Federal government cannot force companies to invest in Kosovo—investment is purely a regional responsibility — it is "bribing" them to do so.

Half of all regional aid for Kosovo is now available on very easy terms to back joint ventures between companies in Kosovo and elsewhere. The encouraging sign is the number of enterprises outside Kosovo which have shown willing. Slovene Companies, for instance, have signed some 50 joint venture agreements in the past six months.

To the relief of Belgrade, the World Bank in Washington has also shown understanding of Yugoslavia's special regional needs. The problem is that the country's average income — $2,800 — is just about at the World Bank's upper limit on eligibility for borrowing. But because this average conceals poverty equal to some of the poorest of the bank's clients, the World Bank has recently agreed to keep on lending, at least until the end of Yugoslavia's 1981-85 plan.

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THE FALKLANDS CRISIS

Argentine morale undented by South Georgia reverse

BY ANDREW WHITLEY, IN RIO DE JANEIRO

RADIO RIVADAVIA, one of the most popular spots on the Argentina waveband, played martial music from early morning yesterday, interspersed with the latest news on the "war" with Britain, but public morale has been *surprisingly* unaffected by the news of Sunday's setback on South Georgia. For all the concern displayed in the capital yesterday, the recaptured islands could be a million miles away.

Before the event, a number of Argentinians said they would be prepared to let the uninhabited South Georgia archipelago go, to satisfy British national honour and to save Mrs Thatcher's face. Any battle for the Falklands themselves would meet with a very different reaction.

Convicción, a newspaper close to the navy, naturally takes the matter to heart. Its front page is given over to a transcript of the last exchange of messages with the islands' beleaguered defenders before communications were cut.

On the other hand the establishment daily, La Prensa, does not even refer to the military engagement in its opinion columns, writing instead about the serious matter of unemployment.

There has been no attempt to stir up war fever through the Press. Most of yesterday's Buenos Aires newspapers report the event in a straightforward, matter-of-fact way. In the absence of much independent hard news the stream of *communiqués issued by the military* junta are repeated in full.

In the business area it was a normal Monday, the pavements thick with secretaries and bosses hurrying to work. A few banks and finance houses were filled with anxious customers, but most cash counters were quiet.

Outside the presidential palace a small good-natured crowd of some 300 people cheered as President Galtieri arrived for work, accompanied by a ceremonial horse guard of honour. There were no banners denouncing Mrs Thatcher or even any anti-British chants.

The British community is lying low, reassured by the Government's pledge to protect Britons and their property but alarmed by a blood-curdling threat telephoned to the English language newspaper, the Buenos Aires Herald, to kill three British citizens for every soldier setting foot on Argentine soil.

The prospect of internment if war is declared and full-scale hostilities break out is on many people's minds, but few are running for cover in neighbouring Uruguay. For the moment, the omst pressing concern in the 17,000-strong community is their blocked bank accounts in Britain.

In the opinion of the British interests section of the Swiss embassy most short-stay Britons have left over the past three weeks. Most of the UK passport holders remaining have ties so deep to Argentina that leaving now is almost inconceivable.

Despite a prediction by Sr Roberto Alemann, the Economy Minister, on Sunday night that there would probably be another run on the banks, there was little sign of panic yesterday.

All was calm at the British-owned Bank of London and South America. But a queue of anxious customers stretched along the pavement outside the state-owned banks of Chubut province. Chubut's capital, *Comodoro Rivadavia is in the* front line of any possible British attack on the mainland. Big crowds also filled the branches of a number of finance houses, the traditional repositories of "hot" speculative money.

Sr Alemann has again denied speculation that emergency controls on bank deposits may be imposed.

Buenos Aires demonstrators denounce Britain's "dirty pirates."

Japanese urge end to hostilities

JAPAN YESTERDAY called for an "immediate cessation of hostilities" i nthe South Atlantic, though without explicitly condemning Britain's use for force to recover South Georgia, Charles Smith reports from Tokyo.

Tokyo still believed in the possibility of a diplomatic solution to the Falklands crisis, the statement added, implying that Japan would use its position as a member of the UN Security Council to make negotiations succeed.

THE FRENCH Government yesterday responded to Britain's recapture of South Georgia by insisting on the "necessity and urgency" of negotiations, David Housego writes from Paris.

If the brief statement from the Ministry of External Relations refrained from passing judgment on Britain's military intervention in the Falklands, the omission was deliberate.

But there is little doubt that the French Government, which has so far backed Britain, is privately apprehensive at the use of force.

New Zealand's Prime Minister, Mr Robert Muldoon, has sent a cable of congratulations and support to Mrs Margaret Thatcher expressing his Cabinet's "gratification" that Britain had moved decisively to regain possession of South Georgia, Dai Hayward *reports from* Wellington.

ITALY HAS reacted to the British landing on South Georgia with an urgent appeal *to both sides* to avoid widening the conflict and to continue to seek a negotiated settlement, Rupert Cornwell reports from Rome.

The statement by Sig Emilio Colombo, the Foreign Minister, issued shortly after Britain announced the landing on Sunsign so far of the Italian Govenrment's unease at being caught between Britain, a good friend in Europe, and Argentina, the South American country with which it has the strongest ties.

THE SPANISH Government hasb een quick to repeat its earlier statement calling for a negotiated settlement to the Falklands crisis, Robert Graham reports from Madrid.

Bonn tops list of Argentina's arms suppliers

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

BRITAIN HAS sold Argentina the most sophisticated warships now in its navy but West Germany has been Argentina's largest arms supplier over the past five years.

Statistics produced by Sipri, the Stockholm International Peace Research Institute, show that West Germany supplied one-third of Argentina's major weapons systems — mainly submarines, destroyers and armoured vehicles between 1977 and 1981.

The U.S. had 17 per cent of the market, one key contract being 40 AQ Skyhawk fighters which constitute the main carrier-based challenge to Britain's jump-jet Sea Harriers, now with the task force.

France is Argentina's third largest arms supplier, with a contract for 14 Super Etendard naval fighter bombers only partly fulfilled. Apparently only about eight of the 14 have so far been delivered.

Britain is the fifth largest arms supplier, behind Israel which, with 14 per cent of the market, has sold as many as 42 of the Israeli-built Mirage 5 fighters known as Dagger.

Argentina has bought two Type 42 destroyers from Britain—the Hercules and the Santissima Trinidad—as well as 44 Sea Dart missiles and six Lynx anti-submarine helicopters.

Britain has been a substantial supplier of military electronics, radar and other sorts of software. Plessey Ferranti, for example, has helped to modernise the communications system aboard Argentia's sole aircraft carrier, the Veinticinco Mayo. Bought 15 years ago from the Netherlands, the vessel was British-built, beginning life in the 1940s as HMS Venerable.

A number of European countries have supplied small arms to Argentina.

However Argentina, like Brazil and even Canada and Australia belongs to a key group of countries rapidly becoming less important as direct export markets since they are moving into local production of arms. *Small arms and war*ships, particularly, are being built under licence.

Fabricacaciones Militares signed an agreement in 1981 to produce the Swiss Oerlikon 35mm anti-aircraft gun. The second of the British Type 42 destroyers has been built in Argentina, as will be the last three of the four Type 1700 German submarines.

Tierra del Fuego—Galtieri's exposed outpost

BY HUGH O'SHAUGHNESSY, RECENTLY IN USHUAIA

TIERRA DEL FUEGO is at the end of the line. The vast island at the bottom of South America, shared between Chile and Argentina, is the exposed outpost of the Argentine armed forces as they struggle to retain their hold on the offshore islands they conquered earlier this month.

Ushuaia, the capital of Tierra del Fuego, is a town of 15,000 inhabitants squeezed between the Beagle Channel and the last snow-covered outcrops of the Andes.

It is a military and bureaucratic town whose officials, in theory at least, administer not just Argentine Tierra del Fuego *but the country's vast claim* to territory in Antarctica and the islands of the South Atlantic, including the Falklands.

Tierra del Fuego's airfield and port facilities are vital for the struggle in the South Atlantic and war has come quickly to the island.

Ushuaia's first blackout exercise came last Thursday—a half-*hour practice* at 10 o'clock which left the town fumbling uncomfortably. The town's small naval base, a former penal colony, was the scene of unusual activity last week as the ageing cruiser General Belgrano put in for 36 hours before setting out again with a destroyer escort into the South Atlantic.

More menacingly for the Royal Navy, the naval air base at Rio Grande has received a dozen Mirage fighters which regularly take off to eastwards, loaded with bombs and missiles.

But if Tierra del Fuego is a menace to the British task force, the Argentines are not without their own problems in the island. The usual supply route for Tierra del Fuego passes through Chilean territory and there are fears that the Chileans will shut the frontier if war starts in earnest.

This could bring difficulties for military and civilians alike. In the duty-free shops which line Ushuaia's main street, there is nervous gloom about the future if the war spreads and the town becomes a target.

Behind the flags and posters prominently displayed in celebration of the capture of the Falkland Islands, there are many signs of nervousness.

The inhabitants, long accustomed to tense relations with neighbouring Chile, are bewildered at the prospect of a real war

Looking out onto the Antarctic and separated by hundreds of miles of virtually uninhabited desert from the more densely populated parts of Argentina, the inhabitants of Tierra del Fuego are praying for the war to go away.

They will then be able to return to a normal life, of catering for tourists and making a fair living selling duty-free goods on their exotic holidays.

ARGENTINA'S claims over the Britain's southern Atlantic possessions fall into three distinct categories—recent, ancient and frozen, David Tonge, our Diplomatic correspondent, writes.

Argentina's most recent claims are to the island which has proved the catalyst in the present conflict — South Georgia—and its even more remote southern neighbours in the South Sandwich group.

Yet in the early years of this century. Argentina accepted British sovereignty over South Georgia. Only in 1927 did the Argentines formally claim it and the South Sandwich islands.

Britain's claims to all these islands date back to 1775 when they were discovered by Captain Cook. Britain never settled them, but in 1908 annexed them when the Crown issued letters patent. Since 1909 it has had an administrative presence on them.

The Falkland Islands are different in that they were once occupied by France and Spain, and sovereignty over them has been contested ever since the 1760s. Britain expelled the Argentine governor from them in 1833

Venezuela suspends talks on buying Hawk trainers

BY KIM FUAD IN CARACAS

VENEZUELA is reported to have suspended negotiations for the purchase of 25 British-built Hawk aircraft at a cost of £140m as a gesture of support for Argentina.

President Luis Herrera Campins has already stressed his country's support for Buenos Aires following the British reoccupation of South *Georgia, and port workers have* announced a boycott of British ships.

The suspension of talks on the Hawk deal was announced by Senator Gecofrego von Gonzalez, president of the National Congress and chairman of the ruling party.

The controversy over the Hawks will place the Venezuelan Air Force, which favours their purchase, in the uncomfortable position of going against Congress, which provides the money for buying arms.

It is understood that negotiations were well advanced. The Venezuelan Defence Minister, General Bernardo Puche Leal, is reported to have signed a formal agreement to acquire the *aircraft*.

The air force commander, Gen Maximiliano Hernandez Vasquez, has insisted that the Hawks should be purchased despite the Falklands dispute, saying they are needed as training aircraft.

He explained that Venezuela had only four outdated two-seater aircraft for training pilots

OVERSEAS NEWS

KOREA'S GROWTH

Decline in exports lowers target

By Ann Charters in Seoul

AN EXPORT shortfall in the first quarter and continuing domestic recession has forced Korea to lower its projected GNP growth this year from 7 per cent to 6.1 per cent. Exports, which would have to increase 18 per cent per annum to reach the Government's target of US$24.7bn (£14bn) this year, grew only at an annualised 5.7 per cent in March, more than the same period a year ago. In the first quarter of this year exports were $4.82bn, while imports were $5.32bn.

Korean exports are not expected to improve soon, as letter of credit arrivals, which predict exports two to three months in advance, declined by 6.7 per cent in the first quarter and were down 10 per cent in mid-April.

The decline in letter of credit arrivals since September of last year has reduced unofficial projections for exports this year to closer to $24bn than $25bn—and these are based on an optimistic outlook for the second half of the year.

Changes in economic expectations have generated a debate within the Korean Government over which policies to pursue. One group of economic advisers would have the Government wait out the world recession as the general slow down in trade appears to be affecting Korea's main competitors in Asia as well. In the first quarter of this year, both Hong Kong and Singapore's exports declined slightly while Japan and Taiwan's exports showed increases of 1.5 per cent and 6.5 per cent, respectively, according to Mr Nam Sang Woo, a senior official of the Korea Development Institute (KDI), Korea's economic think tank.

Others are urging the Government to devalue the won in an attempt to boost exports. The vice-chairman of the Korea Traders Association, Mr Kay Bong-Hyuk, indicated that Korean companies trading with Japan and Europe push harder for such a devaluation than those exporting to the United States' market. Although there seems to be general agreement that the won is overvalued against the dollar, its major trading currency, there is disagreement over whether it is as high as 10 per cent, as a recent International Monetary Fund report put it, or more in the range of 7 to 8 per cent.

There is also little assurance that an accelerated devaluation now would increase trade substantially. The won-dollar rate is already devaluing at the current rate of 10 per cent a year, according to traders and has kept pace with the rate of devaluation in the currencies of most of Korea's Asian competitors, according to the KDI.

Inflation, which has dropped markedly to 10 per cent in the first quarter as measured by wholesale prices and 2 per cent for consumer prices, remains a high priority as the Government is determined to maintain inflation at a single figure for the whole year from 12 per cent for wholesale prices in 1981 and 4 per cent in 1980. Although government officials and businessmen alike would like to see the economy come out of its recession, there is little likelihood that stimulative measures will be taken that would fuel inflation again.

Public spending on construction projects has been bunched in the early part of the year and the rising number of housing permits and construction orders constitute a bright spot in the economy. Domestic demand cannot, however, be expected to pick up the slack resulting from poor export sales since real wages have not kept pace with inflation.

Instead the Government is urging businesses to sharpen up their export marketing and improve productivity and quality. Simplified bureaucratic procedures are promised to make it easier for firms to export.

Japan's steel exports to U.S. fall by 15%

BY IAN RODGER

JAPANESE steel exports to the U.S. have fallen sharply since import restrictions were adopted by Washington in January. In March, exports fell 15.2 per cent to 530,000 tonnes.

Overall steel exports for the month were up 8.3 per cent to 2.82m tonnes.

Preliminary figures for the year to March 1982 from the Japan Iron and Steel Federation showed that exports to the U.S. were well ahead until January. For the year as a whole, exports to the U.S. were up 22.8 per cent to 6.09m tonnes.

Japan's total steel exports last year were down 0.2 per cent by volume to 29.5m tonnes but up 8.6 per cent by value to $17bn (£9.6bn).

The preliminary report gave no reasons for the drop in shipments, but in addition to the sudden drop in U.S. sales, Japanese producers have been facing increasing competition from South Korea and Taiwan in world markets.

The U.S. normally accounts for 17 per cent of industry exports, but in the latest quarter shipments by the six leading integrated producers were down a third to 0.8m tonnes.

Meanwhile Nippon Steel, the world's largest integrated steelmaker, has notified its major Japanese customers that it plans to raise prices on average 5.3 per cent starting with June and July shipments.

The company's first price increases in two years were attributed to the higher costs of iron ore, coking coal and wages.

Steel plate prices will rise 5.3 per cent to Y89,500 ($376) per tonne, hot coils go up 5.1 per cent to Y83,000, cold coils up 5.5 per cent to Y99,500 and wide flange shapes up 5 per cent to Y95,000.

Other major Japanese steel producers are expected to follow Nippon's increases.

Sensitive to the industry's difficulties, Japan's steel unions have accepted management's first offer of a 6.36 per cent pay rise this year, compared to 6.99 per cent last year. The management had warned that anything more substantial could lead to serious job erosion.

Japanese vehicle production fell 0.6 per cent to 11.11m in fiscal 1981, ended last month, from 11.18m the previous year, the Japanese Automobile Manufacturers' Association said yesterday, Reuter reports from Tokyo.

This was the first fall for seven years. The association attributed it to a decline in exports and slow domestic sales of large trucks.

Exports in fiscal 1981, to be announced today, are estimated at 5.86m, down about 5 per cent from the preceding year, the association added.

UK urged to boost Asian aid funds

BY EMILIA TAGAZA IN MANILA

EUROPEAN nations are on call to give more than their traditional shares to the Asian Development Fund, the soft-loan facility of the Asian Development Bank, now that the U.S. has decided not to increase its contributions.

Britain and West Germany, in particular, are being pushed to fill the gap of some $50m (£28m) in the $3.2bn Development Fund replenishment, planned for the next four years.

An ADB official said that at the bank donors' meeting yesterday that commitments to the ADF had almost hit the new target of $3.2bn, because of supplementary contributions mainly from Japan, West Germany, France, Italy and Australia.

The figure had almost been reached because Japan had offered to match the total additional pledges made by other willing donors, he added. Japan had volunteered to help Britain and West Germany raise the $50m shortfall.

Replenishment of the ADF, the source of interest-free money for the ADB's poorest members, has been a central worry for the bank for the past seveal months, after it became clear that the U.S. will refuse to increase its contribution. The bank's 1979-1982 development fund is now exhausted.

The original target for the 1983-86 ADF replenishment was $4.1bn. But after four meetings of the donor-countries, this was cut to $3.2bn. Mr Masao Fujioka, ADB president, called this the "minimum figure which will help the bank maintain its soft lending at current levels in real terms, after providing for inflation."

According to ADB officials, the U.S. contribution will be no more than 22 per cent of the total.

Zimbabwe achieves real growth rate of 7.5%

BY OUR SALISBURY CORRESPONDENT

ZIMBABWE achieved a real growth rate of 7.5 per cent in 1981 after 11.75 per cent in 1980, Dr Bernard Chidzero, Minister of Finance and Economic Planning, announced yesterday.

Opening the 1981 Zimbabwe International Trade Fair in Bulawayo, Dr Chidzero said the country's 1980 performance had been "exceptional and the slower growth last year was in line with planned growth rates set out in the three-year transitional development plan due to be published in July."

Dr Chidzero said the plan envisaged total investment in the Zimbabwe economy over 1982-85 of Z$4.6bn (£3.5bn) of which 55 per cent would be in the public sector and 45 per cent in the private sector. Just over 60 per cent of proposed investment would be financed domestically and the balance externally.

About Z$480m (£360m) of the Z$1.2m funds raised at last year's donor meeting had been committed to projects, the minister added. This rate of commitment was higher than expected a year ago, but he stressed that other financial flows would be necessary.

The Minister warned that the pattern of trade deficits and balance of payments outflows on current account established in the first two years of independence could be expected to continue again, highlighting the need for foreign borrowing and investment from abroad.

There was unlikely to be any "significant increase" in basic foreign currency allocations—which were cut in the final quarter of last year and again in the first three months of 1982—until the external payments situation improved.

The Minister forecast a change in the country's system of foreign currency allocation which was imposed at the time of the Unilateral Declaration of Independence in 1965, saying that a new and different framework was now necessary.

Zhao plans reshuffle

PEKING — China's Prime Minister, Mr Zhao Ziyang, said yesterday that a big reshuffle would be announced soon to complete the first stage of his plans to streamline the nation's bureaucracy of 20m.

The New China News Agency said Mr Zhao had submitted plans for the reshuffle to the standing committee of the National People's Congress (China's Parliament).

The Prime Minister was quoted as saying that the 52 former ministries and commissions under the State Council (Cabinet) would be reduced to 41 and some Vice-Premiers would be removed.

The Government has already said that the number of deputy Premiers will be cut from 13 to two in Mr Zhao's efficiency drive.

It appears that Peking is not willing to announce the names of those affected until the plans have been approved by the meeting of the standing committee. This is expected to end within a week or so.

Indian jet offers better hot climate performance

By Alain Cass and K. K. Sharma in Bangalore

India has developed a new engine for jet fighters which, it is claimed, improves their performance in hot climates.

The new engine, the GTX, is a high performance gas turbine model aimed mainly at the present generation of fighter aircraft such as the Russian designed MiG-21 which is expected to remain in service for at least another decade.

So far only one prototype has been made and tested successfully under conditions of extreme secrecy at the Gas Turbine Research Establishment of India's Ministry of Defence.

The Government is understood to have approved development and manufacture of the engine which is expected to be in full production within six months.

The initial research and development budget was in the order of £1m. But once its full potential for India's air force and for possible export became apparent, the Government authorised what is thought to be India's largest single amount ever for any defence item.

The GTX development forms part of a massive increase in defence expenditure which has taken place in India in recent years.

The defence budget for 1982-83 is about £3bn. That is 17 per cent of total government expenditure for the year. Much of this is earmarked for new aircraft, such as the Mirage 2000, and for India's indigenous aeronautical industry.

Research officials at the Bangalore headquarters of Hindustan Aeronautics — manufacturers of aircraft for the India air force — say the GTX incorporates unique technology able to compensate for loss of power in hot climates.

The power loss at an atmospheric temperature of 30°C in conventionally built engines can be as high as 20 per cent. It is claimed that this has been reduced to 4 per cent in the GTX.

The GTX will be used in the present generation of aircraft and is likely to be developed for the advanced Mig-23 and even more advanced Mig-27's. Talks on the manufacture of the later Migs are now being held with the Soviet Union.

AMERICAN NEWS

Plans for European Wall Street Journal

By Our New York Staff

THE WALL STREET Journal, the U.S. business daily newspaper, plans to launch a new international edition in Europe early next year.

The newspaper already publishes a separate edition in the Far East.

Mr Warren Phillips, chairman of Dow Jones and Company, which publishes the newspaper and owns the Dow Jones news services, said the new edition was expected to be edited and published in Brussels, printed in Heerlen in the Netherlands, and distributed in Europe and parts of the Middle East.

"Our intention is to improve service to our existing Journal readers in Europe and to appeal to new readers," he said.

The newspaper was not seeking a large general readership in Europe, but hoped to appeal to a select business and political readership.

The newspaper's Asian edition was launched in 1976. Its initial circulation was less than 10,000 copies a day, but by the end of last year this had increased to 25,500 copies a day.

The edition, however, is understood to be operating in deficit, although Dow Jones declined yesterday to disclose the size of the loss because "the company does not break out its figures individually."

In its annual report, the company said advertising lineage rose 12.9 per cent last year against 1980. The Asian edition also began printing in Singapore from full pages transmitted by satellite from Hong Kong.

In Europe about 7,000 copies a day are sold of an air mail edition based on the journal's format for the eastern U.S. Delivery of this edition is one or more days late.

Dow Jones said the news coverage of its European edition would be aimed specifically at the needs of its regional audiences. The edition would be delivered to European business centres on the morning of publication and would include full U.S. market coverage.

Mr Norman Pearlstine, national news editor of the Wall Street Journal and former managing editor of the Asian edition, has been appointed editor and publisher of the European edition.

The Wall Street Journal, which sells more than 2m copies a day, is the largest circulation newspaper in the U.S. Its domestic and foreign news staff totals 400, while its Asian edition has a staff of 33 reporters and editors.

The journal would not disclose the capital it was committed to its European venture. But Dow Jones had a good year last year with earnings 21.2 per cent higher to $71.4m (£40.3m) compared with the previous year. Revenues rose 20.8 per cent to $641m. The Wall Street Journal contributes about 70 per cent of total earnings.

U.S. resumes purchases of crude oil from Iran

BY PAUL BETTS IN NEW YORK

THE U.S. Government has resumed purchases of Iranian crude oil, suggesting a thaw in relations between the two countries.

The move could have important repercussions for the international oil market.

The U.S. Defence Fuel Supply Centre, an agency which buys oil for the Defence Department, confirmed it had bought 1.8m barrels of light Iranian crude last week from a trading company based in Geneva.

The oil was sold at a price of $29.51 a barrel, well below the current Saudi marker price of $34 a barrel.

The centre said the purchase of the oil, which will be stored in the strategic petroleum reserve in Louisiana, had been cleared by the State Department.

This is the first U.S. Government purchase of Iranian crude oil since imports from that country were banned in November 1979 after the U.S. hostages were seized.

President Ronald Reagan signed an executive order ending the import embargo last January. The order also lifted travel restrictions.

This first transaction, valued at just over $53m (£30m), could open the way for a resumption of Iranian oil imports to the U.S. Indeed, U.S. oil companies are understood to have begun negotiating for Iranian oil following the disclosure of the Government's deal.

Iran, which is in dire need of cash because of the state of its economy and the cost of its war against Iraq, has been increasing oil exports at discount prices.

Oil exports appear to have risen significantly from about 500,000 barrels a day at the end of last year to 1.5m b/d at present. Some estimates are as high as 2m b/d. This is still well short of the 5m b/d the country produced before the revolution.

Should Iranian oil exports continue to increase, this discounted oil is likely to put pressure on the Organisation of Petroleum Exporting Countries, which is fighting to hold its marker price at $34 a barrel.

Move to break budget stalemate

BY ANATOLE KALETSKY IN WASHINGTON

PRESIDENT Ronald Reagan yesterday offered to "look at additional revenue sources" in order to break his stalemate with Congress over the 1983 budget.

However, he repeated his commitment to "three essential priorities." These are: higher defence spending, personal tax cuts and a "long-term effort" to reduce government spending as a share of gross national product. This has left a confused impression about the prospects for a budget compromise.

So far, all efforts to negotiate a new budget plan, which would reduce the federal deficit from an estimated $180bn (£101bn) in the absence of new measures to a target of below $100bn, have failed.

After repeatedly extending a "final deadline" for an agreement last week, Congressional leaders and White House officials again broke up in disarray late on Sunday, having made no real progress. They agreed to meet again today for another "final" attempt at compromise.

Mr Reagan's speech, delivered yesterday to the U.S. chamber of commerce, was designed to dispel the public impression that it is his intransigence that is blocking an agreement on the budget. It will only emerge in negotiating sessions this week whether his willingness to look at new revenue measures, his reference to a "long term" effort to reduce spending and his vagueness about the precise size of the military build-up indicate genuine concessions to his critics.

President Reagan: commitment to priorities

All parties to the budget negotiations agree that there should be some real increase in defence spending, but even the President's Republican supporters believe that an increase of 9 per cent a year in real terms is too rapid.

Indeed, it is generally agreed in Washington that this aspect of President Reagan's plans is bound to be revised in Congress whatever else happens on the budget. Similarly, the cuts in social programmes proposed in the President's now defunct 1983 budget are widely agreed to be too savage, particularly for an election year.

The President's speech may *therefore indicate* a more pragmatic acceptance that he will have to be flexible on these issues.

The one compromise that seems to be completely ruled out is any tampering with the programme of personal tax cuts. But even on this White House officials have indicated that there may be some willingness to consider a temporary income tax surcharge

Reagan may still back Salvador

BY OUR WASHINGTON CORRESPONDENT

THE NEWLY elected constituent assembly in El Salvador yesterday prepared to elect a President to replace Sr Jose Napoleon Duarte, the "moderate" Christian Democrat who has been strongly backed over the past two years by the U.S.

The preparations went ahead amid signs that political violence has increased sharply since the March 28 election and amid growing doubts in Washington about the Reagan Administration's policy on Latin America once the Falklands crisis is resolved.

Last week the assembly chose Sr Roberto d'Aubuisson, the most extreme of the right-wing leaders, as its chairman. The right-wing parties won a total of 60 per cent of the popular vote. U.S. officials believe real power in El Salvador will now reside in the assembly rather than the President.

Over the weekend, Mr Deane Hinton, the U.S. ambassador to El Salvador, indicated that the U.S. would continue to support El Salvador.

The Administration had previously indicated that the extreme right would risk losing U.S. assistance unless it gave Christian Democrats a significant voice in the country's new Government and kept Sr d'Aubuisson out of the top rank of leadership.

David Fishlock, in Brussels, reports on the European Nuclear Conference

U.S. abandons plutonium plans

THE U.S. Administration has abandoned its highly controversial ideas of using plutonium from civil power stations fuel for its new programmes of *nuclear weapons*.

This was disclosed by Mr Ken Davies, deputy Secretary of State at the U.S. Department of Energy, at the European Nuclear Conference here yesterday.

Mr Davies said the U.S. had no plans to use plutonium from the electricity industry's nuclear stations as a source of plutonium for nuclear weapons. He added that Congress was threatening to prohibit any such use by enacting a new law.

The U.S. Department of Energy was planning, however, to purchase plutonium from the privately owned Barnwell nuclear fuel reprocessing plant, for use in its Clinch River demonstration fast breeder reactor project, Mr Davies said. Construction of Clinch River is expected to start next year, he added.

Last summer, the Reagan Administration disclosed that it was studying several options for obtaining plutonium quickly for new nuclear weapon programmes, and for the Clinch River project. They included the purchase or leasing from Britain of plutonium from the electricity industry's stockpile, currently increasing at the rate of about 2 tonnes a year.

In figures given to Parliament recently, the British Government disclosed that the civil plutonium stockpile now amounts to 14.5 tonnes, mostly in the form of plutonium oxide powder.

The Government still refuses to reveal how much plutonium from its military reactors has already been sent to the U.S. in exchange for highly enriched uranium required as submarine fuel and nuclear explosives.

Such a figure would automatically disclose Britain's imports of highly enriched uranium, since plutonium is bartered pound for pound. The barter is likely to be renewed unless plans to build a new £100 uranium enrichment plant for the navy are reinstated.

U.S. delegates to the conference admitted that the Reagan Administration had erred in suggesting that civil plutonium might be used in the new U.S. weapons programmes, since the issue had placed a major new weapon in the hands of opponents of nuclear energy.

In Britain, anti-nuclear campaigners have argued that even if Britain can guarantee it is delivering civil plutonium to a civil U.S. nuclear project such as Clinch River, the net result could be to release U.S. civil plutonium for use in weapons.

The U.S. has a laser beam enrichment technology which could refine the plutonium to make high quality thermonuclear warheads. But present U.S. plans call for the U.S. weapons programme to meet its own requirements for plutonium by investing in new production facilities.

Plutonium extracted from spent nuclear fuel from the electricity companies would be used only for the Clinch River project, which is expected to need up to 10 tonnes.

In Europe, delays to programmes for plutonium-burning fast-breeder reactors are heightening interest in the use of plutonium as an alternative fuel for light-water reactors. Spent light-water reactor fuel still contains about 40 per cent of its initial energy content.

France had no plans to recycle plutonium from the reactors now providing about 40 per cent of its electricity, said Dr Michel Pecqueur, chairman of the Atomic Energy Commission. France needed all the plutonium it could extract, to fuel its fast reactor programme. Should the Government decide in 1985 not to go ahead with a commercial programme of fast reactors, however, Dr Pecqueur believed it would be better for France to use plutonium in light-water reactors rather than store it.

Dr Hans-Hilger Haunschild, permanent secretary at the Ministry of Research and Technology in Bonn, said West Germany might also find it useful to re-cycle plutonium because of the inevitable delay in introducing commercial fast reactors.

Thailand's political survivor leads a business team to Europe

BY JONATHAN SHARP IN BANGKOK

THAI Prime Minister Prem *Tinsulanonda, who is visiting* the UK from today until Friday as part of a European tour, has surprised both his detractors and neutral diplomatic analysts in Bangkok by his durability in the volatile world of his country's politics.

The soft-spoken career soldier was a reluctant candidate for the post, which he assumed just over two years ago. Moreover, while respected for his honesty and incorruptibility, General Prem was not perceived as possessing the dynamism required to give Thailand a much-needed measure of stability and tackle its tricky economic and foreign policy problems.

In April last year, however, Gen Prem survived a coup attempt by a group of colonels. He now visibly relishes at least the ceremonial aspects of his job, but doubts remain about his leadership qualities. Anyone looking for hard-edged policies from the present Thai government will be disappointed.

The common and somewhat cynical view attributes Gen Prem's survival to what one Western diplomat here described as "the lack of anyone better. He is Prime Minister by default."

Rumours of yet another coup recur, but such whisperings are par for the course in Thai politics. More importantly, no pressing reason appears to exist for removing Gen Prem. Thailand's various problems, though not solved, are for the most part contained.

The economy is by no means booming, but the Government can with some justification point to external factors as the culprit, such as the trend towards a world recession. Despite last year's bumper harvest, depressed world prices for most of the commodities that Thailand produces meant that the economy failed to benefit as much as might have been expected.

The discovery of offshore natural gas, which came onstream last September, and what appear to be commercially viable reserves of onshore oil came as good news for the Government. Thailand counts on these new finds to break its dependence on foreign energy—which in the past swallowed as much as 40 per cent of its export earnings — and to provide a spur to industrialisation.

On the political front, Gen Prem appears to be on good terms with Gen Arthit Kamlang-Ek, the increasingly influential Assistant Army Commander-in-Chief, who played a key role in crushing last year's coup. Gen Arthit is regarded as near certain to become Commander-in-Chief during the annual shake-up of military and government appointments, due in October, and he is an obvious candidate for the Prime Ministership—it is assumed in Thailand that the job goes to a member of the Armed Forces.

In foreign affairs, the main problem lies along the eastern border where Vietnamese forces who have occupied Kampuchea since 1979 are battling motley groups of Kampuchean guerrillas forced back to the Thai-Kampuchean border.

Thailand opposes the Vietnamese occupation, but is fearful of its own security, especially when the fighting periodically spills over into Thai territory as the Vietnamese chase the Kampucheans. Thailand's hopes that international pressure will force the Vietnamese to withdraw have yet to bear fruit, and the border tension remains a potentially destabilising factor on the Thai political scene.

A further thorn in the side of the Thai Government is represented by Communist and Moslem insurgents who for years have challenged government authority in outlying areas. Government troops more than hold their own against the rebels, but do not seem to be able to stamp them out.

Thailand's political tradition has been one of pragmatism, coping with problems as they arise and avoiding being locked into positions that might be rendered invalid by the turn of events.

Gen Prem's trip is his first to Europe as Prime Minister. He is accompanied by a party of more than 50 people, about half of them businessmen.

The mission's objectives are almost purely economic.

A key British interest is in a contract valued at nearly U.S.$ 640m (£365m) to expand a Thai oil refinery at Sri Racha, south-east of Bangkok.

The British company Davy McKee, together with two French concerns, signed a contract for the project earlier this month, but the deal awaits the approval of the British Export Credit Guarantee Department and its counterpart in the French Government.

Prem Tinsulanonda . . . "Prime Minister by default"

THE STEPS which President Chun Doo Hwan of South Korea has taken towards national reconciliation are most encouraging, President Ronald Reagan said in a letter yesterday, Reuter reports from Seoul.

The letter, handed to President Chun, by Mr George Bush, U.S. Vice-President, comes amid growing anti-U.S. sentiment among South Korean opposition groups because of official U.S. support for the Seoul Government.

A South Korean Government official said that Mr Bush, in an hour-long meeting with President Chun, had reaffirmed U.S. commitment to the defence of South Korea.

Japan's plans for liberalisation run into difficulties

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

PREPARATION OF Japan's so-called "second market-opening package" appears to have run into difficulties as a result of intransigence of the part of bureaucrats at the Ministry of Agriculture.

Because of the difficulties it seems highly unlikely that the government will be in a position to unveil the package on May 7, as had been hoped.

A release date near the end of May is being considered instead, but even this later deadline could prove hard to meet if the Agriculture Ministry refuses to bend.

What is apparently being demanded from the Ministry is a forecast—or series of forecasts—of steps which will be taken over the next few months to enlarge import quotas for farm products in which the U.S. and the EEC are especially interested.

The Ministry is finding difficulty in producing such a forecast, not because an enlargement of quotas is completely ruled out, but because bureaucrats are refusing to abandon their traditional strategy of keeping concessions secret until the last moment.

Full-scale negotiations between Japan and the U.S. on citrus and beef are due to start in the autumn.

Japan decided to put together a second market liberalisation package after visits to Europe and the U.S. by politicians during February and March revealed profound Western dissatisfaction with its earlier measures.

The May package is expected to contain new tariff-cutting proposals as well as a statement of Japan's willingness to discuss the liberalisation of trade in services within the framework of Gatt.

Officials admit, however, that it will be hard to make the package look attractive without some input from the Ministry of Agriculture. At the moment *this seems lacking, despite pressures* on the Ministry from elsewhere in the government.

The dropping of the May 7 deadline means that Japan will have nothing to offer its Western trade partners at the next "trilateral" trade conference, scheduled to be held *in Paris in mid-May or at the* OECD ministerial conference scheduled for May 10 and 11.

The OECD meeting, which is also to be held in Paris, will be attended by two senior Japanese Ministers, Mr Sakurauchi, the foreign minister and Mr Toshio Komoto, the Director-General *of the Economic Planning Agency.*

The Japanese delegation to the trilateral meeting will be headed by Mr Shintaro Abe, Minister of International Trade.

American Can presses on with Philippines plan

BY GIULIA TAGAZA IN MANILA

AFTER TWO years' delay, American Can, *one of the* biggest U.S. manufacturers of tin cans, is pushing through plans to build a \$54m (£30m) plant in the Philippines.

A joint venture agreement has been signed with the United Coconut Planters Bank (UCPB, with American Can taking in 40 per cent of the equity of the new company called United Philippine Can (UPCC).

UPCC is to manufacture food-grade cans. Specifically, it will turn out 380m a year of lead-free, two-piece drawn tins for the beverage and food processing industries. All raw materials *will be imported.*

In early 1980, American Can agreed to tie up with Elizalde, the only tin plate manufacturer in the Philippines. But the agreement could not be implemented because of certain hitches including the financial difficulties encountered by Elizalde.

The same year, Continental Can, also of the U.S., was given a Government permit to establish a \$27m plant in partnership with the Ayala Corporation, one of the biggest local concerns engaged primarily in real estate development.

British Rail wins £24m order from Kenya

By Our World Trade Staff

BRITISH RAIL Engineering (Brel) has won a £24m export order for the supply of passenger coaches to the Kenya Railway Administration.

The order, for 74 coaches, is the second major export deal of the year for Brel, which recently announced a contract to supply 124 main line passenger vehicles to the Irish State Transport Company. Total export orders for 1982 *so far are valued at* £50m.

The coaches will be built at Brel's Derby works with deliveries beginning at the end of 1983. The coaches will comprise 40 second class couchettes, 25 first class cars, five buffet cars and four restaurant carriages.

● BICC Telecommunication Projects of Prescot, Merseyside, has won a £2.6m contract by GEC Telecommunications of Coventry for supply and installation of a carrier and audio telecommunications cable network for the Zimbabwe National Railways

● IAL, the London aviation technical services concern, is to supply £2m in security equipment to 20 airports throughout Indonesia, following a contract award from the Indonesian Ministry of Transport and Tourism.

● *Arthur Young Management* Services of the UK has won a £2m order from the Jordan Ministry of Finance to undertake a pre-investment study and project supervision of an integrated, computerised management information system.

● APE *Pipelining* Services, part of the NEI group, has won a £1.4m contract to supply cleaning and lining water carrying pipes for the Hun Yani water augmentation scheme in Harare, formerly Salisbury.

● Howe-Baker Engineers of London have been awarded a £1m design contract for a hydrogen production plant to be supplied to the AB Nynas Petroleum of Sweden.

Spain decides on shake-up for shipyards

BY ROBERT GRAHAM IN MADRID

SPAIN IS the last of the major Western shipbuilding nations to adjust to the sharp *recession* in world *shipping* business.

The third biggest shipbuilder in the West, it began to consider a shake-up in its major yards only in 1978 at a time when most other nations had already completed restructuring plans.

Spain has slipped even further out of step because of the extraordinary slowness with which its own restructuring plans have matured. The final plan for the big state-controlled shipyards was *announced* recently and still has to be approved by Parliament.

At the time of the first oil price shock in 1973, Spain's economy was in full bloom and the effects of the sharp price increases were obscured until late 1975.

Even then, in the case of shipyards, there was a mood of buoyancy, because domestic orders still reflected exaggera*ted optimism for growth,* especially in the all-important area of transport of petoleum and petroleum products.

Once the Government decided to act, it was hindered by fragmented ownership. For instance, until 1977 the state holding company, INI, owned only 50 per cent of the largest group, Astilleros Espanoles (AESA). The rest was in private hands.

Once the decision was taken to take over these private shares—the banks, holding most of them, were more than happy to offload what had become a lossmaker — plans were slowed by a combination of bureaucracy, lack of clear objectives, frequent changes in the Industry Ministry and fear of major redundancies.

Thus, for the past four years, temporary palliatives have been provided, largely in the form of grants, and extra short-term credit, to cover mounting losses. This in itself has complicated re-organisa*tion.*

Two groups are involved in the plan, AESA and Astano, which last year produced 305,161 dwt, with a total workforce of 24,000. There is roughly 40 per cent overcapacity and production is now *half* that of 1975. Since 1976 there have been accumulated losses of more than \$1bn.

Such losses have stemmed directly from over-capacity, a sharp increase in labour costs and a *doubling of financial* charges to 14 per cent of turnover.

During this time there has been a substantial switch in the type of ships built. In 1975, oil tankers accounted for 85 per cent of all orders and grain carriers another 10 per cent. *Now tankers represent less than* 13 per cent, with grain carriers covering 47 per cent and vessels not constructed previously account for 18 per cent.

The Government's new plan, which aims to cut the workforce over the next three years by 18 per cent, relies mainly on voluntary redundancy and natural wastage. This is modest, compared with other European countries. The EEC average over the last five years has been a 40 per cent reduction in the labour force.

> Once the Government decided to act, it was hindered by fragmented ownership. For instance, *until 1977 the state holding company* INI owned only 50 per cent of the lagest shipbuilding group Astilleros Espagnoles. The rest was in private hands.

The yards are either in areas hit badly by recession like Bilbao, or where alternative jobs are scarce like El Ferrol, near Corunna, and Cadiz and Seville in the south.

This has led to protracted negotiations with the trades *unions and an acceptance* by INI that the cuts are less than desired but the most that can be politically tolerated.

Parallel with this, the Government's plan will offer much closer integration within each group and between the two groups in technology, marketing *and dealing with suppliers.* This, in turn, will lead to greater specialisation and more emphasis on recent developments like offshore drilling platforms. Already, last December, INI formed a company, Satena, to develop and co-ordinate new technology.

The yards will aim at raising their level of output to 430,000 dwt by 1984 but this will remain well below that of the mid and early 1970s. This output is based on export order *projections of 250,000 dwt.*

The management is confident of meeting this export figure, but it is still apprehensive about domestic orders reaching 180,000 dwt. At present, over 80 per cent of orders are foreign and there is no sign of an upswing in domestic buying.

Potential buyers complain of insufficient credit support from the Government and are nervous about any commitments so long as the recession continues to bite. With these projections turnover is expected to increase from \$890m (£508m) at the end of last year to \$1.4bn by 1984.

On the financial side the principal concern has been to restructure costly short-term debt (44 per cent of liabilities) with *new term credits and to* provide fresh injections of capital.

Debt service is running at \$130m a year. The hope is that last year's \$250m loss can be brought to break-even point by 1984 or, at least, minimal loss. The precise nature of proposed state subsidy remains unclear and will only be clarified when Parliament considers the plan, probably late next month, but it will be vital in export competitivity.

The importance of getting the plan approved is underlined by the impact of shipbuilding within the Spanish *economy.* AESA and Astano provide 0.5 per cent of GDP, contribute 2 per cent of industrial production and *account for* 3 per cent of all Spanish exports. Further, they provide indirect employment to 120,000 persons which represents 4 per cent of the industrial labour force.

The large naval dockyard and shipbuilding operation (with a capacity of 300,000 dwt) of Bazan is excluded from the plan. It is also part of INI but comes under the Ministry of Defence and works exclusively for the Spanish navy or on export naval orders. *Meanwhile, the Government* is still working on a plan to aid and reconvert the country's small and medium-sized shipyards in private hands.

UK companies 'lack long-term policies'

BY A SPECIAL CORRESPONDENT

FEW BRITISH companies have coherent long-term policies for international trading. They lack strategic programmes, and techniques to moniter their progress towards them.

This is the key conclusion of a unique study, which has been conducted for the last two years, into the nature and problems of international trade among 35 companies in the south of England.

The companies, which employ between 50 and 5,000 people include electronic and computer concerns, a food manufacturer, a finance house and several technically-based chemical companies.

The study is being conducted by Mr Stanley Hyman. He started it in 1980 when he was Dean of the Southern Counties Regional Management Centre at Portsmouth Polytechnic. It will be completed in November.

But the information available so far has indicated to Mr Hyman that many companies do *not know whether their exports* are profitable. When exports are costed, overheads and personnel costs may not be included.

At the same time, the study has revealed that few people in the companies under scrutiny have been trained in the strategic management of exporting. Senior managers often do not have time to train younger managers.

The result is that younger, inexperienced employees may be put in charge of marketing, when it is increasingly apparent that salesmen need to be qualified specialists.

Mr Hyman has observed that one vital but neglerted area is market research. Many

companies do not make full use of the help available, Mr Hyman noted. Yet the Government will pay a substantial part of the costs, demanding re*imbursement only if the project* is a success. Further help is available from banks, trade organisations and agents.

Although British companies do *increasing business* with foreign governments, especially with construction and defence ministries, many nevertheless fail to identify other potential projects in the country concerned.

The foundation for the study, said Mr Hyman, is that "there is not enough investigation and analysis into the real problems of international trade—economists tend to theorise, while managers are too busy getting on with specialised jobs."

So Mr Hyman and his two research officers, funded by a grant of £55,000 from the Foundation of Management Education, have been looking at all stages of the processing of export orders. *This has been* done through regular visits to each company, its bank and its freight, insurance and overseas agents.

Swedish Match enters Tokyo lighter market

By William Dullforce in Stockholm

SWEDISH MATCH is entering the Japanese market for disposable lighters through an agreement with Yaka Seiko, one of the largest distribution companies.

The Japanese market absorbs about 350m disposable lighters a year which is equivalent to about a quarter of the world market.

Feudor, Swedish Match's lighter company based at Lyons, France, signed a letter of intent with Yaka Seiko last week, providing for the distribution of its lighters.

There are also plans to establish a jointly-owned company to produce lighters in Japan with Feudor probably taking a 40 per cent interest.

UK NEWS

BNOC may come under pressure to lift oil prices

BY RAY DAFTER, ENERGY EDITOR

THE British National Oil Corporation may soon come under pressure to raise North Sea oil prices.

Several independent oil producers are considering an approach to BNOC following recent spot oil price increases. But they are unlikely to make an immediate formal request for a price revision. The companies are keen to see whether spot rates will maintain their rises.

According to London traders yesterday, spot cargoes of North Sea Forties oil were being traded at about $35 a barrel, about $4 a barrel above the official contract rate and about $7.50 a barrel higher than the spot price just more than a month ago.

The spot rate for Arab light crude has also risen significantly, to about $32.50, up $4.50 from a month ago. The traders emphasised that the spot market was quiet and the prices may not reflect the true value of small cargoes. They said the spot prices of products indicated a lower true value of crudes: about $33 a barrel for North Sea oil and $30.50 for Arab light.

Independent producers—companies which make money by selling their crude on the open market rather than by making refined products—are known to be watching the market trend closely. Some said yesterday that they might wait for the next Ministerial meeting of the Organisation of Petroleum Exporting Countries in Quito, Ecuador, on May 20, before deciding whether to approach BNOC.

Officials within BNOC—the North Sea price leader—were emphasising last night that as yet no company had applied to renegotiate contract rates. It was felt that market conditions had not changed sufficiently for the pricing structure to be renewed. Under the present contracts the $31 a barrel reference price for UK crude oil is to remain in force until at least the end of June.

Much will depend on whether, through production controls, Opec countries can maintain their pricing structure based on a reference price for Arab light crude of $34 a barrel. A report just published by stockbrokers Grieveson Grant concludes that Opec's chances of maintaining the $34 price are "very high," particularly if members can weather the next two or three months of low oil demand.

Sue Cameron adds: The likely future trend of oil prices will be a "vital factor" in Shell UK decisions on the development of smaller North Sea oilfields, according to Mr John Raisman, chairman and chief executive of the company.

Mr Raisman, writing in Shell UK's annual report, says Britain's self-sufficiency in oil could be "extended into the next century," particularly with the lower demand that is now being foreseen. But this will only be possible if more offshore oilfields are developed. Shell UK is willing to carry out further development, provided the rewards are adequate. Future oil price trends and Government tax policies would, therefore, both be key factors.

Thailand contract discussed

By Carla Rapoport

The British Government is expected to discuss financing for a $320m (£180m) contract in Thailand tomorrow (Wednesday) with top officials from Thailand, including the Thai Prime Minister, General Prem.

Foster Wheeler Energy and Foster Wheeler (Process Plants), UK subsidiaries of Foster Wheeler of the U.S., have won the management contract for a $820m refinery expansion project in Thailand.

The subcontractors, Davy McKee (oil and chemicals) of the UK and Technip and Procofrance of France can expect about $840m in export orders for plant, equipment and services shared equally between Britain and France.

Five companies plan TV studio on Isle of Dogs

BY LYNTON McLAIN

AN £8.5m independent television production studio is to be built in the centre of the London Docklands enterprise zone, intended to produce programmes for Channel 4 television. for video and cable television when it arrives in Britain.

The centre, to be known as Limehouse Studios, will be built by Limehouse Productions, a new television programme production company, on the Isle of Dogs ready for operations in 12 months.

Limehouse is owned by five companies which have subscribed half the capital required for the studios. The partners include Associated Newspapers and D. C. Thomson, both former shareholders in Southern Television, which lost its ITV franchise last year. The others are Drayton Consolidated Trust, the Scottish Investment Trust and May Gurney, an engineering company based in East Anglia.

Mr Michael Shields, chief executive of Associated Newspapers, is chairman of Limehouse Productions. Mr Jeremy Wallington, former programme controller of Southern Television, is chief executive.

Limehouse Productions has accepted an offer of a £2m loan from National Westminster Bank to go towards the studios. A further £2.25m is the subject of negotiations with two unnamed leasing companies. This facility would be used towards the acquisition of £3.25m worth of equipment for the studios.

Machine tool aid may soon run out

By Lorne Barling

A GOVERNMENT fund to assist small engineering companies by providing grants towards the purchase of modern machine tools and other equipment, is likely to be exhausted within about two months of being set up.

Mr John MacGregor, Parliamentary Under-secretary of State for Industry, said in reply to a Commons question that 397 applications for grants under the £20m scheme had been received, and the average project cost was about £50,000.

At least several hundred companies including many in the West Midlands, would benefit, he said.

The Small Engineering Firms Investment Scheme (SEFIS) was set up at the beginning of this month and according to Mr Cyril Beavor, the Birmingham-based Department of Industry official in charge, the response has been overwhelming.

It indicated that small engineering companies had the desire to invest and that the scheme was exactly what they had been wanting, he said.

If it is assumed that a high proportion of the applications are eligible for grants, which cover one-third of the cost of specified equipment.

The Industry Department said that it had not yet considered providing more money for the rest of the year in which the scheme operates.

The following equipment qualifies: stationary metal working machine tools, either sequence controlled or computer numerically controlled; non-robotic welding machinery; physico-chemical machine tools; metal working machinery incorporated lasers or plazma and metology equipment.

SEFIS offers a capital grant of one-third of the total cost (not exceeding £200,000) of one project, including the purchase or lease of one or two new machines but with a minimum cost of £15,000 each.

It also provides necessarily-incurred tooling and accessory costs of up to 10 per cent of the cost of each new machine.

Life insurance and pension inflows increase by 15%

BY DAVID MARSH

TOTAL INFLOWS into life insurance companies and pension funds rose by a comfortable 15 per cent last year to £12.73bn, according to Government figures published yesterday.

Overall inflows into non-bank financial institutions rose more modestly, by 7.4 per cent to £24.04bn, reflecting a slight fall in the deposits of building societies.

Most of the total inflows were absorbed in higher purchases of gilt-edged stocks and a rise in loans for house purchase.

Purchases of gilts rose to £6.42bn from £5.59bn, but the institutions bought only £2.27bn worth of ordinary shares of UK companies compared with £2.47bn in 1980.

Total net inflows into the institutions fell to £5.53bn in the fourth quarter from £6.3bn in the fourth quarter and £6.24bn a year earlier.

The fall was mainly accounted for by a £538m repayment of bank debt, against borrowings of £401m in the third quarter.

Deposits with building societies were hardly changed in the fourth quarter, although a sharp rise normally takes place at the end of the year. Inflows to insurance companies and pension funds were also down at £2.98bn compared with £3.25bn in the previous quarter.

Undeclining the strong competition building societies faced last year from National Savings, their deposits during the year totalled £7.06bn in 1981 against a £7.16bn in 1980.

On the uses side, overall institutional purchases of ordinary shares of overseas companies slightly topped the figure for UK equities, up to £2.34bn from £2.20bn in 1980. Overseas share purchases picked up in the fourth quarter from the low figure of the previous three months.

Loans for house purchase rose to £6.63bn from £6.19bn in 1980. Flows into other financial assets in the UK increased sharply to £886m from only £10m the previous year.

Individual judgments cause forecasts to differ, says Bank

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

MUCH OF the difference between economic forecasts results from "adjustments" reflecting the judgment of individual forecasters, the Bank of England says in a research paper published yesterday.

The paper, which analyses three of the main independent forecasts for 1982 made last autumn, suggests that differences between computer models of the economy or of changing assumptions fed into the computers accounted for a relatively small part of the discrepancy between their predictions.

The three forecasts considered in detail were from the National Institute of Economic and Social Research (NIESR), the London Business School (LBS) and the Economist Intelligence Unit (EIU).

The paper says the published forecast of the three organisations for the increase in the UK's total output in 1982 compared with the previous year were all fairly close.

They were: NIESR—0.6 per cent; LBS—2 per cent and EIU —0.5 per cent. If the same assumptions about the general economic climate were fed into each of the three models, the predictions remained almost unchanged, with only an increase of 0.3 per cent to the LBS forecast.

However, further analysis suggester that adjustments made to the computer model's "mechanistic" predictions were in all cases significant, and in one case had the effect of changing a "mechanistic" forecast that output would decline substantially into a published prediction of a small rise.

The Bank's coments are made in its summary of a more detailed paper by Prof Michael Artis of Manchester University called "Why do forecasts differ?"

Both Prof Artis and the Bank say their conclusions must be taken with caution because they are based on just one set of predictions by forecasting groups. However, the analysis does reveal a surisingly large element of judgment on the forecasts for inflation of the Consumer Price Index. The "mechanistic" operation of the LBS model, for example would have produced a forecast of 17.7 per cent annual inflation for the index at the end of this year. However, this was reduced by 7 percentage points as a result of the forecasters' judgment to produce a published prediction of 10.6 per cent.

The Bank comments: "Adjustments or assumptions made by the forecasters appear largely to have determined all the forecasts for inflation. These adjustments and assumptions concern mainly the behaviour of wage earnings, world prices (including oil) and the exchange rate."

The Bank says the adjustments made by forecasters are not typically of a mechanical nature but reflect the "off-model views of the forecasters as to the way the inflationary process works.

"None of the three forecasters appear to attach great importance to the previous growth of the money supply as having a direct influence on inflation as distinct from an influence on the exchange rate."

Bank of England Paper 17, available from University Microfilms International, 30-32, Mortimer Street, London, W1.

Unit trust launched to help small businesses

By Tim Dickson

A UNIT trust has been launched to enable pension funds to invest in property let to small businesses in Greater London.

The initial target is £10m, but a start was made yesterday when the first cheque for £1m was handed over by the Greater London Council Staff Pension Fund. A further £7m has been promised informally.

The trust, which is tax exempt and unauthorised by the Department of Trade, has been created primarily for the pension funds of local authorities through the promoters—Cipfa Services, Surveyors Granby Hunter, and Urban and Economic Development (Urbed). Other pension funds will be welcome.

The promoters said: "We believe that the investment criteria of many financial institutions, which have historically concentrated on prime property, have led to missed opportunities.

"There is an unsatisfied demand for well-located, suitable, accommodation for small firms." The initial yield on invested funds is expected to be able 9 per cent.

The trust will mainly acquire fully let properties in improving areas and where there is a high concentration of demand. Most of the portfolio will be in industrial buildings with units ranging between 500 sq ft and 5,000 sq ft. However, offices and other property catering for small firms will be included.

IMI redundancies

THE COPPER TUBE division of IMI Yorkshire Imperial, an IMI subsidiary, is cutting a quarter of the work force at its site at Kirkby, Liverpool. This means more than 300 jobs will go in the autumn.

The company said this was part of a process of streamlining the Kirkby operation and making better use of its copper-casting capacity in the Midlands.

Matsushita plans

MATSUSHITA ELECTRIC hopes to increase production of colour TV sets at its Cardiff plant from 87,000 units last year to about 200,000 units in two to three years, the company said yesterday.

To do this Matsushita will install another production line in its factory. It will also seek to reduce the cost of components from inside the EEC so as to raise the Cardiff plant's ability to compete in overseas markets.

Vehicle registration

VEHICLE REGISTRATION documents will in future show the previous as well as the current keeper's name and address. The additional information will help buyers of second-hand vehicles establish the history of a vehicle.

W. H. Smith holiday move

BY JAMES McDONALD

W. H. SMITH & SON, the High Street retailing chain, is to sell time sharing at all its 88 travel agencies in the UK.

The move into time sharing—by which a once only capital payment secures the right to a holiday home for a number of weeks each year—has been made by W. H. Smith Travel in conjunction with Asset International, one of the largest time sharing marketing companies in Europe.

Asset has properties in Britain, Spain, Switzerland, Florida and the West Indies and W. H. Smith agencies will be able to handle all travel, inspection, and purchase arrangements, including loans.

Each travel agency will have a Prestel unit linked to Asset's London head office, giving the latest details on the timing of inspection visits and information on the availability and cost of time share weeks.

CBI president names 'cabinet'

BY JAMES McDONALD

THE MEMBERSHIP of the most influential committee within the Confederation of British Industry was disclosed publicly yesterday for the first time by Sir Raymond Pennock, president of Britain's leading employers' organisation.

Sir Raymond, naming the 31 members of the so-called President's Committee in the current issue of CBI News, says it covers the entire cross-section of business and comprises "some of the most outstanding businessmen in the land."

It meets monthly — and occasionally in emergency sessions over a specific issue — to advise the president on the co-ordination and implementation of CBI policies.

It prepares the way for meetings with Government and other bodies, keeps the CBI's public position under review and provides guidance to the president and staff on strategic and tactical considerations.

Sir Raymond writes: "I have mentioned as a personal objective during my presidency the need to ensure that people of the highest calibre should be representatives of the CBI. Over the last two years a good deal of effort has been directed at securing a wide-ranging membership of the President's Committee.

One of my greatest personal satisfactions has been that, in extending invitations to a number of distinguished men in this category, all of those I have invited to join have accepted."

In addition to Sir Raymond, Sir Terence Beckett, the director-general of CBI, and Sir Campbell Fraser, the deputy president, the members of the committee are:

Chairman of other CBI committees: Sir John Read (finance and general purposes committee and chairman of the Trustee Savings Bank Central Board); Mr Ronnie Utiger (economic and financial policy committee and chairman of British Aluminium);

Mr Astley Whittall (employment policy committee and chairman of BSG International); Sir Austin Pearce (industrial policy committee and chairman of British Aerospace); Mr Derek Kingsbury (overseas committee and group chief executive of Fairey Holdings) Mr John Raisman (Europe committee and chairman and chief executive of Shell UK);

Mr George Duncan (companies committee and chairman of Lloyds and Scottish) Sir Richard Cave (unemployment steering group and chairman of Thorn EMI) and Mr Jeremy Pope (smaller firms committee and finance and planning director of Eldridge Pope and Co.).

Other chairmen of companies on the committee are: Sir Michael Edwardes (BL); Sir Arnold Hall (Hawker-Siddeley); Mr John Harvey-Jones (ICI); Sir Emmanuel Kaye (Lansing Bagnall); Sir Alex Jarratt (Reed International); Sir David Orr (Unilever); Mr Derek Palmar (Bass); Sir Kenneth Corfield (STC); Lord Robens (Johnson Matthey); Mr Peter Walters (BP) and Sir John Sainsbury (Sainsbury's).

Representing the nationalised industries on the committee is Sir Robert Marshall of the National Water Council and chairman of the Nationalised Industries Chairmen's Group. The City is represented by Sir Jeremy Morse, chairman of Lloyds Bank and chairman of the Committee of London Clearing Banks.

Employers' organisations are represented by Sir Peter Matthews, president of the Engineering Employers' Federation and chairman of Vickers, and by Mr Ken Cooper, director-general of the National Federation of Building Trades Employers.

Regional CBI chairmen on the committee are: Mr John Main (South West); Mr John Goold (Scotland) and Mr Patrick Radford (East Midlands). Lord Cornwallis, past chairman of the CBI's smaller firms council, is also on the committee.

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Durham to contest Shildon BR closure

BY NICK GARNETT, NORTHERN CORRESPONDENT

DURHAM COUNTY COUNCIL officials are meeting local British Rail representatives today before seeking a meeting with BR at national level over its proposal to close the wagon works at Shildon with the loss of 2,500 jobs.

The council, which has already written to Mr Patrick Jenkin, Industry Secretary, complaining about the proposal, said yesterday that the employment base of the town could virtually disappear, leaving 30 per cent unemployment—higher than at Consett, further north.

The council says the British Railways Engineering works provide 64 per cent of manufacturing employment and 86 per cent of male manual employment.

The proposal to close the Shildon works—which is beginning to meet strong union opposition—is part of a move to cut 5,000 jobs from BREL, partly because of surplus capacity.

The reaction of the county reflects a feeling that the North East is being expected to shoulder a greater share of closures during restructuring or slimming of companies with sites across the country.

These decisions, it says, appears to be taken with little regard for the "catastrophic consequences" for the people living in the region.

While he recognised BR's production difficulties, Mr James Wilson, the county's planning officer, said Shildon "is not the place to make cuts."

The town, which has a population of 13,000, is in the Bishop Auckland catchment area, which now has a 17.3 per cent unemployment rate.

The other major employers in the town include textile companies Astraka, and Northern Clothing, and Westair Dynamics.

The area around the town of Consett, which has a population of about 35,000, has a 25 per cent unemployment rate. Mr Wilson said that more jobs would be lost by the closing of Shildon than had been created by the special efforts made at Consett since the steel plant closed there more than two years ago.

The council will press the Government for extra finance for industrial development in the Shildon area, compensation for loss of rate income, and a reversal of the decision to downgrade the Bishop Auckland area from Development Area to Intermediate Area status in August.

Video film copiers pay £750,000

THREE PEOPLE allegedly involved in a large-scale conspiracy to counterfeit video film cassettes agreed to pay £750,000 damages and costs to the film industry in the High Court yesterday.

Mr Robin Jacob, QC, told Mr Justice Dillon that the three had been responsible for a "factory" for making counterfeit video cassettes above a betting shop in Queen's Road, Northampton.

Mr Charles Noble and Mrs Marilyn Noble, of Church Green, Kings Heath, Northampton, and Mr Ricky Green, of East Oval, Northampton, agreed to give permanent undertakings not to make or sell any copies of films less than 50 years old distributed by the seven film and video companies who are plaintiffs in the action.

They also agreed through their counsel, Mr Stuart Lawson-Rogers, not to "pass off" video cassettes under the name or trade marks of any of the film companies and to pay the £750,000 and costs.

None of the three was present in court.

The action was brought by Warner Communications, Warner Brothers, Warner Home Video, WEA Records, Thorn-EMI, MGM, 20th Century Fox and Video Programme Distributors.

A city council looks to the countryside

BY NICK GARNETT.

ESSO IS in discussion with one of the district councils in Greater Manchester for the release of a piece of land owned by the oil company in the heart of of one Europe's biggest industrial estates.

The significance of the 11.2 acres of land and lake in Trafford Park, which Trafford Council wants to acquire, is considerable. The council wants it to create an ecological park mainly for teaching and studying wildlife. And it would probably be the first such ecological park in Britain outside London.

However, the concept of an ecological park in the heart of the world's oldest industrial estate is a symptom of the way Trafford Park is trying to upgrade itself for competition with post-war industrial parks and development corporations. Many of these are government creations which provide financial incentives Manchester cannot match.

As with so many industrial assets and locations, Trafford Park has suffered by being the first of its kind. Set up just before the turn of the century on 1,200 acres of land, it attracted industry from the start.

Ford built its first UK plant there and Rolls-Royce made its first car there. At one time, the old Metropolitan Vickers Electrical site — now GEC — alone employed 20,000 workers. During peak employment in the last war, perhaps 70,000 people worked on the estate which then was one of the world's greatest concentrations of heavy manufacturing.

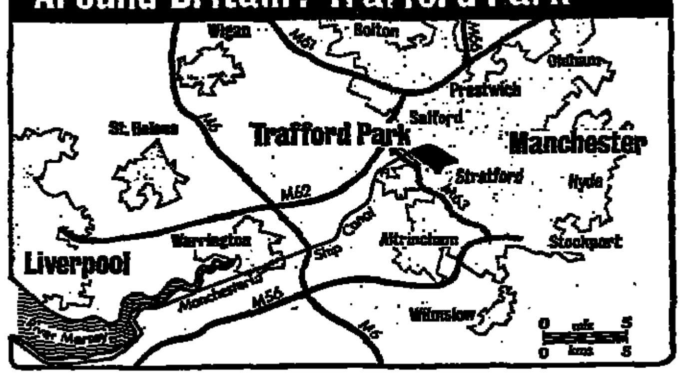
Trafford Park now employs less than half that number. That decline reflects the decline in heavy engineering industrial decline generally and the recession. It mirrors too the move to less labour-intensive service industries and the competition of new industrial parks, such as those at nearby Warrington.

Nevertheless, there is still a very powerful concentration of manufacturing and service facilities for some of the biggest names in engineering, foodstuffs, metals and oil. The estate is also linked to a marvellous motorway network, as well as a Freightliner depot, a container terminal and the docks on the Manchester Ship Canal.

By the early 1970s, however, there were real fears that Trafford Park was on an unstoppable slide. As part of attempts to reverse that, Trafford Council introduced measures to try and upgrade the environment. Many wasteland dumps were cleared up, company frontages were improved, and some derelict rail lines were removed. The usable internal rail network has been cut from 35 to six miles.

Part of the new Trafford and Salford Enterprise Zone runs into the industrial estate. This zone has created some 600 new jobs, although a large proportion have simply been relocated from the fringes.

Around Britain: Trafford Park



Overall, the competitive ability of Greater Manchester to attract industry will be weakened by the scheduled loss this year of its Intermediate Area development status.

The separate private land agencies and the council have had considerable success in drawing in warehousing and other service functions, and there are probably as many, if not more, separate employers in the estate now than at any other time. Dwelling-houses are being converted for small start-up companies in the current vogue of encouraging and catering for the small entrepreneur. Trafford, however, needs high technology industry. It is having to struggle to attract it.

The 2.7 acres of water was once a boating lake in the old de Trafford family park and has a history of land-fill and re-dredging.

Some have criticised the ecological park scheme as a waste of time and money. Trafford Council replies that, if it can acquire the land and lake—which might not prove easy because of differences in the way the council and Esso estimate its value—it could be used as a further tool to attract industry. Financial institutions, in particular, will invest in new buildings only, if they can see a prospect for growth.

The scheme—which envisages the expenditure of £108,000 of council money—involves creation of a small wildlife reserve, an area of public open space and a teaching zone for primary schoolchildren. At the moment, the existing small lake has open-ground bird species, such as lapwings and snipe and water and waterside species, including curlews, coots and ducks.

A number of other habitats would be created—including one of woodland to attract warblers and tits; an artificially-created marsh to bring in waders and other duck species; and a muddy area for other waders. The council would hope to see different flora and some small land animals that have not yet settled in the area around the lake. But, as with the bird species, it would not introduce them artificially but wait to see how quickly new habitats attracted new creatures and plants.

For wildlife specialists, the council says, such a park would provide a unique insight into the interaction of habitats and fauna in an industrial environment.

Esso, however, may have other considerations. It has to assess what its future use of the site might be. It may also believe that part of the land is developable, and, therefore, saleable on the open market.

For the purchase the council can, at the moment, rely only on government grants for acquisition of derelict land.

APPOINTMENTS

Export post at Barclays

Mr Malcolm Stephens, an under secretary at the Export Credits Guarantee Department from 1978 until earlier this month, has been appointed an assistant director of the international finance division of BARCLAYS BANK INTERNATIONAL. He will have specific responsibility for export projects.

★

Mr B. H. Sharp has been appointed a divisional advances controller in MIDLAND BANK'S corporate finance division. Previously he was a general manager's assistant.

★

Mr Cyril Howard has joined HILL & DELAMAIN as group commercial manager designate. He was managing director of the Pandair overseas division and chairman of Pandair Freight Inc., U.S.

★

Mr Ian Colin Orr-Ewing, executive chairman, and Mr Tom Hutton, a director, have resigned from the board of BERKELEY EXPLORATION AND PRODUCTION. Mr Lloyd Forsey, exploration manager, and Mr Henry Boyd, secretary have been appointed executive directors. Mr Charles Williams, managing director of Henry Ansbacher, and Mr Claude Menetrier, managing director of Elf UK, and Mr Andrew Wilson, finance manager of Elf UK, have been appointed non-executive directors. Mr John Hannam and Professor Robert Stoneley remain as non-executive directors. Mr Williams will be chairman. The restructuring of the board has arisen following the purchase of a 29.8 per cent interest in Berkeley by Elf UK from KCA International.

★

The ABBEY LIFE ASSURANCE COMPANY is making the following changes on May 1. Mr David G. Morris will become assistant executive director, agency field operations.

A new agency division is being established by Mr W. Mitchell, to provide technological, business management and other support services.

In the broker division, Dr J. Evans becomes executive director and a member of the senior management team.

★

Mr M. J. Leadbetter has been appointed general manager leasing of CHARTERED TRUST, the UK finance house subsidiary of Standard Chartered Bank. He will retain his responsibility for corporate planning.

★

DYNAPAC (UK) has appointed Mr Clive Newman as managing director. Mr Newman has been general manager since July 1981 when the company was formed as the wholly-owned British subsidiary of Dynapac Maskin AB of Sweden.

★

Sir James Spooner has resigned as deputy chairman and director of the NATIONAL MUTUAL LIFE ASSURANCE SOCIETY. Mr Norman Chalmers, a director, has been appointed deputy chairman.

★

Mr J. C. D. Goldschmidt will be joining the partnership of LAURIE, MILBANK & CO., stockbrokers, as an associate member on May 1.

CONTRACTS

£12m order for Bovis

A contract worth about £12m has been awarded by the transmission and technical services division of the Central Electricity Generating Board to BOVIS CIVIL ENGINEERING to construct a new 2000 MW high-voltage direct current converter station and a 400 kV substation at Sellindge in Kent. This is a three year project to provide a cross channel direct cable link of 2000 MW capacity between England and France. Bovis is responsible for all main civil engineering work on a site bounded by the M20 to the north and the Ashford/Folkstone railway to the south. Main part of the contract involves the construction of an H-shaped block, about 110 x 100 x 20 metres high, comprising the thyristor valve halls and dc areas, linked by a central control block.

INTERNATIONAL COMPUTERS has won a £250,000 computer order from the Pakistan National Shipping Corporation (PNSC) to supply on-line data processing system, which will give PNSC directors direct access to the computer from terminals installed in their offices.

The order comprises an ICL ME29 computer with 1 Mbyte of store, 860 Mbytes of disc backing store, two printers operating at 720 lines per minute, two magnetic tape stations 14 video workstations and six associated transaction printers. The computer will be installed at PNSC's head office in Karachi in June.

★

HOPKINSONS has received two orders worth £1.25m. The first is an £800,000 contract for a variety of valves in differing sizes for three 660 MW turbo generators and associated plant for the CEGB's Drax power station near Selby. The second contract is a £250,000 order for boiler valves for the Esso Chemicals' new ethylene plant at Mossmorran in Fifeshire.

★

C&P has won orders worth over £500,000 in the Netherlands through its Dutch subsidiary company, CFP Nederland BV. Contracts include both commercial and industrial systems to be built for the Dutch Government, Nederlandsche Middenstands Bank, Estel Hoogovens Steelworks, Wang Computers, local government and the Dutch railways.

Coalmine deaths lowest ever last year

By Brian Groom, Labour Staff

UNDERGROUND deaths of coal miners fell to a record low of 23 in the year to March 1982. The industry would have recorded its lowest ever total of deaths, had fatal accidents on the surface not increased from two to 10.

Mr John Mills, National Coal Board member, told the annual conference of the National Union of Mineworkers' Midland area in Blackpool yesterday. "The risk of fatal accidents in mining is now little greater than the risk everyone runs every day on the roads and in the home."

Deaths below ground were three lower last year than the previous lowest, in 1979-80, and 14 below the 1980-81 figure.

The results had been achieved at a time when the industry was attaining its best-ever productivity. Mr Mills said. He claimed the figures answered those who feared that bonus incentives — sharply attacked by Mr Arthur Scargill on their introduction—might tempt miners to cut corners and run greater risks.

"In the four years before incentive, fatalities averaged more than 50 a year. In the four years since the scheme was introduced the average has fallen to 43 and the underlying trend continues downwards," Mr Mills said.

A recent study had shown that mining was no longer the most risky occupation, he said. Railway workers ran about the same risk, deep-sea fishing was considerably more dangerous, and the death risk was twice as high in surface quarrying as in deep coalmining.

Mr Mills added that Britain had consistently shown the lowest death rates among the world's leading coal producers.

On productivity, he said that during the last two months coalface output per manshift had exceeded 10 tonnes throughout the industry. The average for the whole year, including one of the worst winters on record and the Aslef rail strikes, was more than 9.5 tonnes a manshift.

Government pressed by oil industry on taxation

BY RAY DAFTER, ENERGY EDITOR

THE OFFSHORE oil industry warned the Government that without changes in the taxation system most new North Sea oilfields awaiting exploitation were likely to remain doubtful starters.

Only two or three of 11 fields regarded as potentially commercial seem certain to be developed, ministers were told by the UK Offshore Operators Association, which represents leading North Sea companies.

This was most alarming, bearing in mind that the last authorised development was that of the Hutton Field more than two years ago, the association said yesterday.

Following unsatisfactory changes to North Sea taxation in the March Budget a further 37 fields regarded as economically marginal were made even more doubtful commercial prospects, it was claimed.

Shell and Esso have already announced they are shelving the Tern Field because of taxation, technical problems and uncertainties about future oil prices. For similar reasons BP is holding the £500m development of its Andrew Field "in limbo."

The association has written to Sir Geoffrey Howe, the Chancellor, and to Mr Nigel Lawson, the Energy Secretary, recording its unanimous concern about the "penal" tax burden.

It said the total government take, about 85 per cent on average and almost 90 per cent at the margin, cut the cash-flow needed for new field development projects.

The industry was also concerned because the Government was offering no incentive for smaller fields which would be the bread and butter of UK offshore oil development.

The association said the March Budget failed to provide significant relief from the tax burden. There was widespread concern in the industry that UK hydrocarbons—oil and gas—would not be developed to full potential.

It was "very regrettable" the UK Continental Shelf had become much less attractive than other offshore areas of the world for exploration and development.

The decline in North Sea activity had not only hit oil companies but also cut the workload of the UK offshore service industry.

British expertise was being eroded. Jobs were being lost. The pace of exploration was failing to keep pace with demand. The industry was finding new reserves at a rate of only one-third to a half of oil-consumption levels.

OFT study on vehicle transporters abandoned

By David Churchill, Consumer Affairs Correspondent

THE OFFICE of Fair Trading has been forced to abandon a proposed monopoly investigation of car transporter companies which deliver vehicles from the manufacturers to the showrooms.

Mr Gordon Borrie, director general, had written last January to the five main car transporter companies—as well as to major car manufacturers such as BL and Ford—telling them of his plans to refer the industry to the Monopolies and Mergers Commission for a full-scale investigation under the 1973 Fair Trading Act.

The OFT's concern was understood to be over the costs for cars transported from UK car plants compared with the cost of transporting imported cars from the docks. The inquiry would also have looked at the degree of competition between companies and the extent to which discounts were offered according to the distance of transport.

However, the strength of the response from companies in the transporter business was so great that Mr Borrie has now decided to abandon the proposed investigation. In a letter to the transporter companies, manufacturers, and trade associations Mr Borrie says that, "in the light of comments and information received, I have decided not to proceed with a reference."

Mr Graham Roberts, managing director of Cartransport, one of the main companies in the industry, said yesterday he was not surprised.

"All the evidence must suggest that the car delivery companies are required to make considerable investment in land, vehicles, rolling stock and computers, and that the industry serves its very demanding customers well," he said.

He added that his company, a subsidiary of the National Freight Company, "has made extensive investment in recent years to support our customers while we have had to earn our profits from increased efficiency rather than increased prices."

BA may seek further staff cuts

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS may seek further voluntary staff reductions, beyond the 9,000 already achieved, if the retrenchment and reorganisation plans now in progress fail to bring return to profitability.

One view among the corporation's top management is that for an airline carrying about 16m passengers a year, even 42,000 employees are too many. This level will be reached in the summer when the currently planned voluntary redundancies are achieved.

Some further slimming may be needed, and a new target of 35,000 employees could be declared as the new long-term aim.

Meanwhile, the next objective, after the retrenchment measures already announced, will be the reorganisation of the airline into profit centres, based on the long-haul operations, the short-haul European and domestic operations, and the Gatwick-based activities.

It is expected that Mr Gerry Draper, the director of commercial operations, will head the long-haul activities; Mr Peter Hermon, director of management services, will run the European operations; while Mr Stephen Banscombe, head of British Airtours (the holiday flying subsidiary) will run the Gatwick operations.

The present deputy chairman and chief executive of the airline, Mr Roy Watts, will become the group managing director.

The case for a further staff reduction is because some of the biggest airlines in the world have smaller workforces than British Airways.

American Airlines, which carries about 26m passengers a year, has 41,000 employees and Eastern Airlines, with 40m passengers a year, has about 40,000 employees.

Among other retrenchment measures the airline may adopt is a wider spread of deliveries of its 19 Boeing 757 airliners, costing £400m. The first aircraft is due for delivery early in 1983, with the entire fleet due into service over the following year.

These deliveries may be spread over a longer period of 18 months to two years, but there is thought to be no question of any cancellations.

● The expansion of air services from Gatwick Airport, London's second main airport, was boosted yesterday, when Trans World Airlines started its five-times weekly flights to New York. TWA already serves the U.S. extensively from Heathrow.

The Gatwick flights will operate on Mondays, Tuesday, Fridays, Saturdays and Sundays. The company will use Lockheed TriStar jets.

TWA is expecting to make a profit on the route within the first year. It believes that overall north Atlantic air travel between Europe and the U.S. will rise by about 5 per cent in 1982, and will continue to expand at about 7 per cent a year thereafter through the 1980s.

TUC outlines options for small unions on council representation

BY IVO DAWNAY, LABOUR STAFF

THE TUC "inner cabinet" yesterday agreed to offer its smaller affiliated unions the choice of three separate methods for electing representatives to the General Council.

The finance and general purpose committee's proposals are expected to be backed by the council at its meeting tomorrow. They will then be submitted to smaller unions for comments.

The plans are part of a general restructuring of the council agreed by a majority of 1.2m votes at last year's Congress.

Under the plan unions with more than 100,000 members will automatically have at least one seat on the council. But the methods for representing the smaller unions were left to the TUC secretariat to draw up.

Smaller unions have 11 seats on the 44-seat council. Unions gain representation on the basis of trade groups. The old system created intense lobbying by small unions, which needed large unions' backing to win seats.

Under the new proposals the number of seats remains 11. The smaller unions will no longer be dependent, however, on the patronage of larger TUC affiliates to win representation.

The three options offered are:

● A single list of nominations, to be voted on by an electoral college representing all unions with fewer than 100,000 members and allowing the 11 unions with most votes to take up seats.

● A new trade group system, either allowing votes only to those unions involved in the industry in question or giving all the small unions the right to select representatives for each trade group.

● A banding system allocating the 11 seats to unions grouped by the size of their membership.

Before any new method is adopted the entire restructuring plan, including the principle of automatic representation for unions with more than 100,000 members, faces fierce opposition at the TUC annual conference in September.

Left-wing unions fear their hold on the General Council will be weakened by the new system. They believe they have a good chance of reversing last year's vote when the final proposals are put up for approval.

NHS strikes 'widely supported'

BY OUR LABOUR STAFF

THE CONFEDERATION of Health Service Employees (Cohse) yesterday claimed widespread support on the first day of its campaign of industrial action aimed at increasing the Government's 4 to 6.4 per cent pay offer to NHS staff.

The union estimated that between one third and one half of its 900 branches obeyed a call for selective two-hour stoppages and a ban on non-emergency admissions.

Cohse claimed that it had received strong support in Yorkshire and Humberside, and that there had been several stoppages in the West Midlands and Bristol. Some branches had not yet had time to organise strikes, but would be taking action later this week, the union said.

Today representatives of all 14 health services unions affiliated to the TUC will meet Mr Norman Fowler, the Social Services Secretary, in a final bid to persuade him to allow their claim to go to arbitration.

The unions believe that their case has been strengthened by the announcement last week that an arbitration panel had recommended a 5.9 per cent rise for civil servants.

However, Mr Kenneth Clarke, the Health Minister, told the Royal College of Nursing's annual conference in Harrogate yesterday that the Government had made the best offer possible.

He added that any industrial action would do nothing to help the NHS staff's case and would only harm patient care.

Print union fraud case settlement

By Raymond Hughes.

A HIGH COURT action, in which Lord Briginshaw, former general secretary of the print union Natsopa, was alleged to have been part of a conspiracy to "cheat and defraud" the union, has been settled.

The court will be asked today to stay all further proceedings in the action by the National Society of Operative Printers, Graphical and Media Personnel.

The terms of the agreement are unlikely to be disclosed.

The case began last Wednesday and had been estimated to last about four weeks. But yesterday, there were out of court negotiations, and Mr Justice Warner was told that agreement had been reached in principle, but time was needed to complete the terms in detail.

The union alleged that Lord Briginshaw, its general secretary from 1951 to 1975, and other former union officers distributed among themselves £78,000 from the proceeds of the sales of properties owned by the union.

Lord Briginshaw, Miss Joan Wing, his former personal assistant and Natsopa administrative officer, and Mr Arthur Davis, a former assistant secretary, denied that and other allegations made against them.

They contended that they had acted with the union's authority.

The union's claim for damages was not quantified in court but was unofficially estimated to be in excess of £100,000.

Staff strike over BSC subsidiary sale

ALMOST all the employees of Redpath Dorman Long, the British Steel Corporation's heavy engineering subsidiary, staged a one-day strike yesterday to protest against the agreed sale of the company to the Trafalgar House Group.

Union officials also visited the Office of Fair Trading, which is examining claims that the takeover would create a monopoly.

The nine unions involved want time to put together a proposal for the employees to buy RDL.

Civil Service strikers may lose promotion

BY PHILIP BASSETT, LABOUR CORRESPONDENT

GOVERNMENT departments, are discussing steps to discourage civil servants from taking industrial action and so preventing a repeat of the damage done by last year's 21-week series of pay strikes.

Policy advisers in Whitehall — led by the Department of Health and Social Security are considering proposals to restrict promotion prospects of senior civil servants taking part in industrial action.

Many senior officials ignored the Council of Civil Service Union's strike calls last year and their continued working allowed many Government departments to maintain some level of operations.

In the Inland Revenue, for example, normal working by senior staff at the strike-bound revenue-collecting computer centres at Shipley and Cumbernauld allowed cheques to be transported to London, where further senior staff processed and then banked the cheques.

The idea this time is to ask staff to work normally or risk jeopardising promotion prospects. Senior staff on a higher grade tend to place more value on promotion than more militant juniors on grades with a higher staff turnover.

At present, promotions are to some extent objectively assessed by means of the system of annual reporting. Reporting forms and procedures do not make provision for participation in industrial disputes.

There have already been suggestions from the Rayner efficiency scrutiny team, however, that the forms should be altered to allow for judgments on such areas as money-saving ability and others.

Whitehall officials confirm the proposals being put forward, particularly by the DHSS, are being considered but that there is no decision yet.

Engineering pay claim

BY OUR LABOUR CORRESPONDENT

ENGINEERING WORKERS yesterday started shaping the industry's annual pay claim. It will cover about 2m workers and be presented this year to the Engineering Employers' Federation.

The national committee of the Amalgamated Union of Engineering Workers, meeting in Eastbourne, voted on left-right lines to claim a substantial pay increase rather than a fixed monetary target figure.

The resolution is likely to be the basis of a motion to the annual conference in June of the Confederation of Shipbuilding and Engineering Unions, in which the AUEW is dominant. The CSEU will press the claim on the federation.

The committee divided on political lines. It rejected by 56 to 35 a left-wing call for £15 a week rises for all skilled workers, at present on £83 and national minimum rates, with proportionate increases for other grades, to be dated from the industry's national-level settlement due in November.

Supporting a motion which did not tie the union to a fixed target, Mr Terry Duffy, AUEW president, said the union would look for rises to maintain at least the purchasing power of members.

He reaffirmed the union's commitment to stand by its agreement not to press for any improvements in conditions, particularly in hours, before November next year. He warned, however, that next year hours would again be the prime focus for the claim.

Negotiations with the federation are for minimu rates only. Local negotiations comprise the second stage of the industry's two-tier bargaining system.

Halewood strike ends

ESCORT CAR production was resumed yesterday at the Ford Car complex at Halewood, on North Merseyside, following the week-long unofficial strike which cost the company 8,700 vehicles, worth £30m at showroom prices.

The 300 men who had walked out in a "who does what" dispute held a 30-minute mass meeting on the site before the start of the day shift. They accepted a peace formula worked out at top level joint company-union talks in London on Friday.

Bryn Davies, leader of the Labour-controlled Inner London Education Authority, defends its record and explains its problems

Measuring dogma against educational need

MYTHS ARE the stuff of British politics. Whatever the current facts the Inner London Education Authority suffers from this problem more than most.

We are accused of being unaccountable and profligate. It is suggested our policies are pursued without regard to their consequences to the ratepayer. The truth, as is often the case, is rather different.

Our central aim, as an authority, is to maintain and improve educational standards in inner London. In the coming year we shall be spending in real terms about the same as last year in spite of increasing costs and substantial changes in the social composition of inner London leading to different and more expensive educational needs.

To point to our falling population and claim we should spend less is to show ignorance of the reality of everyday life in our city. That ignorance is too often selective. Compared with expenditure on the police, for example, expenditure on education has been a model of restraint.

● First, while the number of school children has fallen, other more costly areas of the service have had to grow. Nursery education, facilities for 16- to 19-year-olds, further and higher education have all had to expand.

● Second, the task faced by the education service has become more expensive.

For example, our latest language survey reveals that more than 44,000 primary and secondary school-children use a language other than English at home.

The appropriate educational response to that is to provide intensive language teaching, generous pupil-teacher ratios and effective teaching material.

The diversity of school intakes is staggering. Some of our schools serve normal suburban districts. Nearby, in other areas, as many as 95 per cent of the children may speak Bengali. In many parts of London the movement of population has been so great that not a single child comes from parents themselves brought up there.

The recent census and other figures confirm the nature of the change and the consequent instability which brings with it social and educational deprivation. More than 40 per cent of children now born in inner London are born to mothers themselves born outside the UK.

Problems

Inner London has the most overcrowded housing in the country, one of the highest rates of homelessness of families, a high number of one-parent families and rapid movement of families in and out of schools.

In spite of these problems we are concerned that the result we achieve should match any additional expenditure. Crude comparison of ILEA's examination results with national averages, however, is meaningless. What we have actually seen recently in inner London schools are signs of improvements or stability of achievement in most trying circumstances.

At the primary school level the tests children take at 11 now show results in their powers of reading which are above the national average. Our primary schools deservedly received praise recently from Her Majesty's Inspectorate.

Our secondary schools are now recovering from a decade of teacher shortage and beginning to benefit from comprehensive reorganisation in spite of other stresses stemming from falling numbers and a changing intake.

ILEA secondary schools have a less favourable intake at 11-plus than the rest of the country and unsurprisingly the examination results reflect this. A comparison of results in particular areas between examination achievement at 16 and the academic range of the intake at 11-plus shows good results in some of the most deprived parts of London.

We believe our secondary schools are poised to advance, given stability in organisation and resources.

Progress is monitored by our strong team of inspectors and new review mechanisms such as annual reports by schools to governors and parents, an annual examination-results review and a five-year self-appraisal procedure.

What is less easy to judge for all educational authorities is how far the level of spending is "right" for the needs of its area. Her Majesty's Inspectors in their recent report on the effect of cuts on the education service thought most education authorities were spending too little and only five were spending enough.

In its survey on ILEA Her Majesty's Inspectorate thought our provision generous. Under close questioning, however, it was not prepared to say it was over-generous. On questions of educational priorities we rely heavily on professional recommendations. In this year's budget all the expansion proposals are urgent in the view of the Education Officer.

Performance

Two reviews are starting on the question of value for money. The implementation of the urgent expansions requires matching savings. To achieve this, a searching review of all expenditure has been begun by sub-committees.

A new members' performance review group seeks to cut out waste. In the first instance it is looking at transport, telephones and building maintenance.

ILEA is composed of directly-elected Greater London Council members and directly-elected local councillors from the boroughs. I am always puzzled by the allegation that this in some way makes us unaccountable to the ratepayers. If this is true of the ILEA then it must also apply to local government as a whole.

For example, no members of Surrey County Council's education committee have been directly elected in the sense that people know their elected councillor will sit on the education committee: the majority of Surrey's County Councillors do not. Every one of the inner London members of the GLC sits on the education committee of the ILEA as of right.

Surrey County Council does not collect its rates direct: the Surrey district or borough councils have to send out the rate bills but are not represented on Surrey County Council.

In contrast, ILEA embraces borough council representation. These members constantly remind us of the relationship between our expenditure and local council services.

The GLC and ILEA elected members are acutely aware of the heavy responsibilities they bear for the education service. It is nonsense to suggest they are accountable as far as the GLC is concerned but not for the ILEA. Education issues have always played an important part in the GLC elections in inner London.

Although the authority has survived three separate attempts in four years to abolish it, a report in the Financial Times on March 18 said the Government is planning yet another attempt.

Inquiry after inquiry, however, has shown that the control of education by individual borough councils would mean an end to the present system of equitable sharing of the cost between the rich and poorer parts of inner London.

Most people, of whatever political persuasion, accept that as a reasonable example of social justice.

If this arrangement were abandoned we should see our deprived areas rapidly become even more deprived. The consequence of that can be predicted fairly precisely, as can the effect on the well-being of London's commercial and industrial ratepayers.

To threaten the stability of the education service yet again would merely demonstrate the Government's elevation of political dogma above the crying needs of our children and young people. ILEA exists to meet these needs. It is on that which it spends the City's and other people's money.

Call for end to juvenile custody

A CALL for the abolition of borstals and detention centres was made by the London Intermediate Treatment Association, a group working with children and young people in trouble.

Shopworkers urge fight for £90 minimum

BY DAVID GOODHART IN EASTBOURNE

THE shop workers' union yesterday backed calls for a national campaign to fight for a £90 minimum wage and a 35-hour week.

Moving the motion at the Union of Shop, Distributive and Allied Workers' conference in Eastbourne, Mr G. Price, from Newcastle, said: "A national campaign involving industrial action if necessary must be launched to get a decent living wage." The motion also rejected incomes policy "regardless of which party is in power."

The politically Centrist union —the seventh largest in the TUC with 37,000 members—passed a motion demanding the scrapping of the Youth Opportunities Programme and confirmed its commitment to withdrawal from the EEC.

Mr David Herbert, from Greater Manchester, was also backed by the 750 delegates for a motion calling for a 32-hour working week.

Mr Bill Whatley, union general-secretary, introduced the wages and economic policy debate with the news that Usdaw wage settlements had averaged between 7 and 12 per cent last year. There had been progress also towards a 39-hour working week. "In the circumstances that it not a bad record," he said. But the union lost about 30,000 members last year.

Mr Whatley said the Government claim that high wages were the cause of unemployment had been proved quite false.

The conference backed the executive statement on wages and economic policy which calls for: a £90 minimum wage; a 35-hour working week, six weeks annual holidays and standard retirement at 60; adult rates at 18; greater accountability of companies; and opposition to Employment Bill.

● Mr John Phillips, chairman of the Distributive Industry Training Board, yesterday attacked the Government's plans to phase-out 16 of the 23 industrial training boards. He was speaking at a lunch given by the DITB, which is one of the boards due to be phased out.

Mr Phillips, who stressed the importance of the training boards to the new training initiative said: "They say the boards will be replaced by voluntary training organisations, but a voluntary system needs volunteers, and we are simply not getting them."

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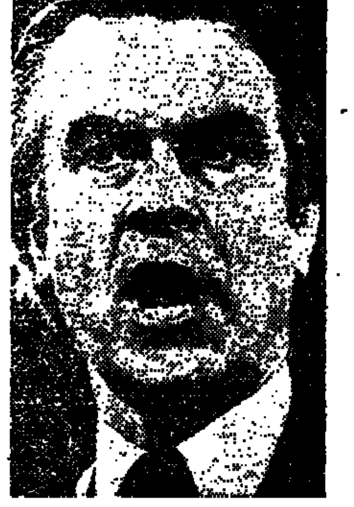
FALKLANDS CRISIS: COMMONS HINT TO U.S. ON ECONOMIC SANCTIONS 'TO SHOW WHICH SIDE THEY ARE ON'

Thatcher warns that time for peace is running out


Michael Foot: search for peace


David Owen: a few more days


Sir Nigel Fisher: raised U.S. sanctions

A BROAD HINT to the U.S. Government to make clear its willingness to impose economic sanctions against Argentina was given by the Prime Minister in the Commons yesterday when she repeatedly emphasised that there is little time left to achieve a peaceful settlement of the Falklands crisis.

Mrs Thatcher gave an assurance that the success achieved by the British task force in repossessing South Georgia on Sunday had not altered the Government's determination to do everything possible to secure the withdrawal of Argentine troops from the Falkland Islands through negotiation rather than military action.

Mrs Thatcher again paid tribute to the diplomatic skills of Mr Alexander Haig, the U.S. Secretary of State, but suggested that as Mr Nicanor Costa Mendez, the Argentine Foreign Minister, was reported to be unwilling to continue negotiations and a different approach was needed.

She hinted at the direction this ought to take when Sir Nigel Fisher (Con Surbiton) argued that in view of the position taken by Mr Costa Mendez the time had come to urge the United States to impose economic sanctions against Argentina "if only to show which side they are on."

The Prime Minister said she "quite understood" Sir Nigel's feelings, and agreed that economic sanctions imposed by the United States against Argentina would be of a kind and degree greater than any other country could bring to bear.

She indicated that if Mr Costa Mendez persisted in his refusal to agree to an early resumption of talks with Mr Haig she would expect the United States to be in direct contact with the Argentine junta in Buenos Aires.

While joining the Prime Minister in praising the remarkable achievement of the British task force in repossessing South Georgia without loss of life, Mr Michael Foot, the Opposition leader, strongly underlined the importance of exploring every avenue in search of a settlement which would avoid a battle over the Falklands.

Brushing aside the jeers of some Tory back benchers he declared: "If one initiative fails then another has to be started."

To cheers from the Labour benches Mr Foot insisted: "The search for peace must never be torpedoed by us."

Challenging the Government's apparent reluctance to return to the UN Security Council, which had already condemned Argentina's aggression and called for the withdrawal of her troops from the islands, the Opposition leader quoted the "notable leading article" in yesterday's (Monday) Financial Times.

Mr Foot was adamant that there must be firm political control over the operations of the task force in the South Atlantic so that parliament could be assured that there would be no dangerous escalation of the crisis before the matter was brought before the Security Council again.

Regular reports by ministers to the House, which he believed should be supplemented by another debate on Thursday, provided the opportunities to which MPs were entitled to express their own views and reflect the "deepening sense of anxiety throughout the country."

Mr Foot unhesitatingly endorsed Britain's right under the UN charter to repossess South Georgia, but warned that the expulsion of Argentine troops from the Falkland Islands would involve action on a different scale.

To further cheers from Labour benches he cautioned: "What is legal is not necessarily also prudent."

The Prime Minister recognised the anxiety in the country, and said it was shared by the Government in searching for a diplomatic settlement.

With Government supporters cheering approval she recalled that three weeks had passed since the UN Security Council called for the withdrawal of Argentine troops from the islands.

During that time, far from being withdrawn, they had been reinforced.

Blame for the fact that a settlement had not yet been reached lay at the foot of the Argentine government she maintained.

Mrs Thatcher said the pressing need was to secure implementation of the Security Council resolution, but she did not think there was any disposition in New York to involve the UN further while negotiations with Mr Haig continued.

When Labour MPs asked how she knew this to be the case, the Prime Minister answered: "I am reporting what I believe to be the position at the UN in New York."

Dr David Owen, parliamentary leader of the Social Democrats, accepted the need to give Mr Haig "a few more days," particularly in view of the activities of the Organisation of American States.

But he insisted that the time was approaching when if the U.S. was unable to get any movement from Argentina, it would have to take the decision to apply economic sanctions.

The Prime Minister said she thought it was right "at the moment" to continue to seek a peaceful settlement through Mr Haig.

But she stressed: "Time is getting extremely short as the task force approaches the Falkland Islands."

Mrs Thatcher explained that with the task force in wild and stormy waters a wide range of military options were not available.

In a sharply critical question Mr Tony Benn (Lab, Bristol South East) contended that while the House and the country were united in condemning aggression, public opinion, in so far as it could be ascertained, wanted a much more serious attempt at negotiation through the United Nations.

He claimed that the majority of the British people would not follow the Government into a war with Argentina which would threaten the loss of many lives, including servicemen and the Falkland Islanders, and involve the risk of the conflict spreading and Britain finding herself in an isolated position.

Tory MPs protested when Mr Benn stated: "If the Prime Minister continues to under-rate the importance of negotiation and proceeds with war the responsibility for loss of life will rest on her shoulders."

One angry Tory MP shouted: "Nonsense. Absolute rubbish."

The Prime Minister retorted that there was no lack of vigour or will on the part of the Government in pursuing negotiations.

Any lack of will was on the part of Argentina, which had failed to obey a Security Council resolution. To further cheers from the Tory benches Mrs Thatcher snapped: "In the meantime, perhaps Mr Benn will remember that our people are under the heel of the Argentine invader."

A senior Tory back bencher, Sir Derek Walker-Smith, MP for Hertford East, asked if the Argentine troops were withdrawn from the Falklands Islands the Government intended to refer the dispute to the International Court of Justice in accordance with the United Nations Charter.

He added: "If there should be a drift to war without any attempt at arbitration so clearly envisaged in the Charter would not posterity marvel and might it not condemn?"

The Prime Minister said Britain had made a reference to the International Court, but Argentina had refused to accept the jurisdiction of the Court.

It was not Britain's fault that the dispute had not gone to the International Court.

In the Lords, Lord George-Brown complained that the Government was "still talking much too easily about the use of force to re-take the Falkland Islands."

He called on Baroness Young, Leader of the House, to ask Mrs Thatcher to "back off some of the statements which have impaled us on the hook, in particular the question that the Falklanders' views be paramount."


WAR CABINET: Mrs Thatcher and Mr John Nott, Defence Secretary, outside No 10 yesterday

Commons Sketch

Praise the Lady—and pass the ammunition

WITH THE recapture of South Georgia out of the way, one ebullient Government official was quoted as saying that there was "a strong whiff of cordite" drifting through the corridors of Whitehall yesterday.

If this was the case, the breeze did not carry much of it over to the House of Commons, where Mrs Thatcher was making a statement.

A cheer went up from the Tory benches as the Prime Minister entered the chamber with Mr John Nott, the Defence Secretary, whose excruciating performance in the House three weeks ago now seems to be a distant episode of pre-history.

"Rejoice! Rejoice! "Labour MPs cried ironically, in reference to Maggie's excitable performance outside No 10 when the success of the South Georgia operation was announced on Sunday night.

"We are, we are!" cried Tory MPs in unison.

To be more precise, some of them were. Others displayed strong caution over the pace of events as Mrs Thatcher harped on the need for a speed-up in negotiations as the main task force approaches the Falklands.

"Time is getting extremely short," she warned. "One cannot just have a wide range of choice of military options with the task force in the wild and stormy weather in that area."

Patriot

There was still a touch of Michael Foot super-patriot as the Leader of the Opposition closely questioned the Prime Minister. But he was treading more warily than in any of the exchanges on the crisis over the past few weeks.

Obviously a bit worried by the Prime Minister's demeanour, he backed the operation on South Georgia but asked for undertakings that there would be no escalation of the crisis, and that firm political control would be maintained over military operations.

Some of the Tory fire eaters jeered when he stressed the United Nations perspective and the need to negotiate—"if one initiative fails then another has to be started."

Not unexpectedly, he ended with a call for a strong application of Dr Foot's universal panacea for all political, economic, and social ills — a debate in the House of Commons.

There was also some significance in what he failed to say. For one thing, he did not ask Mrs Thatcher to call in party leaders for round table talks at Number 10.

In years gone by that was a cry always on Labour lips during times of crisis.

There is good reason for the present coolness towards this idea.

Apparently, Mr. Foot recoils at the idea of allowing the Liberal and Social Democrat Alliance to have its new status recognised by being consulted on such grave matters of state.

The real wrath of the Tories was reserved for Mr Tony Benn, who warned that public opinion favoured a more serious attempt to settle matters through the UN, and that if Mrs Thatcher under-rated negotiations and proceeded with war "the responsibility for the loss of life" would rest on her shoulders.

Rhetoric

But knock out some of the stronger rhetoric in Mr Benn's intervention and his line on this occasion did not seem to be all that different from Mr Foot's.

Many MPs must have reflected that it was a rum old business as they trooped from the Chamber having heard an assurance from Mrs Thatcher that despite the weekend hostilities Britain was not in a state of war with Argentina and that Argentine servicemen captured on South Georgia were not prisoners of war.

The Speaker, Mr George Thomas, then listened to a tangled row between Mr Alex Lyon (Lab, York) and Mr Fergus Montgomery (Con, Altrincham and Sale). It concerned what Mr Montgomery had or had not said last week about Mr Lyon's attitude towards community policing.

"I suggest the honourable members should settle this between themselves in the tearoom," observed the Speaker wearily.

If only all conflicts were so easily remedied.

John Hunt

Back bench Tory anger over jobless benefit

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT last night faced a rebellion from a group of its own backbenchers over its abatement of 5 per cent in unemployment benefit.

13 Conservative backbenchers voted against the Government on this issue during the debate on the Social Security Bill, but failed to restore the 5 per cent.

The back bench dissidents announced during the Committee Stage of the Finance Bill that they would vote for a Labour amendment to restore the 5 per cent, which is worth £60m in revenue.

The cut—described by the Government as "an abatement" was made on the uprating of unemployment benefit in November 1980. The proposal was that the cut should remain at least until November this year, when the Government introduces taxation of the benefit.

Sir Ian Gilmour (Con Chesham and Amersham) who was sacked from Mrs Thatcher's Cabinet last summer, said last night that the Government should do the right thing and uprate the benefits by 5 per cent.

"*In any view the Government* is making a handsome profit out of taxing the unemployed and therefore it is right that they should do what we ask," he said.

He argued that the Government's claim that abatemnet was needed to bolster the public sector borrowing requirement had now been destroyed. It would be "quite indefensible" for the Government to continue trying to defend this position.

He added: "It would be irrational meanness not to do away with this abatement immediately."

It was "commonsense and minimum justice" that the move to restore the 5 per cent should be supported. If the Government failed to do that then he would vote against the Government.

He pointed out that it had been clearly understood in 1980 that the Government would restore the 5 per cent cut before bringing unemployment benefit into tax.

"There is no doubt that this abatement was meant to be temporary and interim," he emphasised. "It is commonsense and elementary logic that the worst off should not be doubly penalised."

Sir Ian received strong support from Mr Chris Patten (Con Bath) who claimed that the Government's defence of its position had at best been "casually inadequate" and at worst "plain shifty."

"What the Government is doing is plain wrong," said Mr Patten.

He thought the Government had behaved absurdly. Unless there was an indication that it had changed its mind he would be voting for the Labour amendment.

From the Labour front bench, one of the Opposition's Treasury spokesman, Mr Robin Cook, said the Government was showing "a meanness of spirit" in rejecting hte amendment.

"The Government's position is one of cheats," declared Mr Cook. "It is one that leaves the unemployed 5 per cent worse off and now proposes to tax them on what they have left."

According to Mr Cook benefit for jobless already stood at its lowest level since 1948 in real terms, and was only two-fifths of average earnings.

Mr Richard Needham (Con Chippenham) rejected the Government's arguments for continuing with abatement. He said it was impossible for some back benchers to support the Government however much they wanted to at this "difficult time" unless there was a ministerial change of heart.

Caustically he told the House: "The Conservative Party has never before in its history defended a position that those who cannot care for themselves should suffer.

Labour considers pay beds curb

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

PROPOSALS for clamping down on private medicine have been drawn up by the Labour Party for possible inclusion in the party's next election manifesto.

A paper drawn up by the party's Social Policy Committee, says a future Labour Government should get rid of pay beds in the National Health Service and take into public ownership those parts of the private sector which the NHS could usefully operate.

As a second prong of its attack on private medicine, the document also recommends several measures aimed at pricing private practice out of existence and halting its future development.

The document stops short of proposing total abolition of the private health sector as some sections of the Labour Party would like. But if implemented, it would result in a drastic curtailment of the private sector, which since the Conservatives came to power has been expanding fast.

The proposals have already been approved by the subcommittee of Labour's National Executive Committee which is responsible for domestic policy. It will go before a full meeting of the NEC next month as part of Labour's programme for 1982, from which the party's general election manifesto will be drawn.

The committee recommends the withdrawal of the "considerable public subsidies enjoyed by way of tax concessions on private health insurance, the charitable status of certain hospitals and access to specialised NHS facilities."

Future developments of new private hospitals should be prohibited, it says, and strict controls introduced over the existing private sector.

It says that private practice should be separated from the public sector by removing all pay beds from the NHS within the first two years of the next Labour government.

The document does not spell out on what terms private developments would be acquired by the NHS but it states that a Labour government would "also take into the NHS those parts of the profit-making private sector which can be used to meet local needs and reduce waiting lists."

Feelings about private medicine run high in the Labour Party. Although one or two unions have their own private medical schemes, almost all sections of the party are united in their distaste for the ability to pay being a determining factor in the provision of medical care.

The paper also says that the main thrust of Labour's policies *must* include a shift in emphasis towards promoting health care rather than curing ill-health.

Plan to limit revenue loss from Civil Service action

BY PHILLIP BASSETT, LABOUR CORRESPONDENT

THE GOVERNMENT is taking steps to circumvent industrial action by computer staff in the Civil Service in order to limit the disruption of revenue collection.

While it acknowledges that Value Added Tax cannot be collected except by using the computer, the Customs and Excise department has learnt from the 21-week Civil Service pay last year.

Sir Douglas Lovelock, Customs and Excise chairman, told the all-party Public Accounts Committee yesterday that the department was pursuing the idea of direct credit transfer by VAT traders. He said that during last year's strike the department tried to get the largest 50,000 companies, which paid 90 per cent of all VAT, to use credit transfer.

The Inland Revenue has written to 70,000 of the largest employers to ask them to use the Post Office giro system for their Pay As You Earn tax payments rather than the Revenue's computers, which were halted during the strike.

Sir Lawrence Airey, chairman of the Board of the Inland Revenue, said that the Government had not considered an interest penalty for unpaid tax to speed up payments.

The departments presented to the committee a review of the financial effects of the strike, *estimated by the Treasury to* have cost £500m in interest payments on money borrowed to cover unpaid taxes.

About £570m—about 6 per cent of all VAT—is still unpaid as a result of the strike. At one stage some 588,000 cheques were held up. The amount delayed rose from £250m at the beginning of the strike to a peak in October of £2.73bn.

The department held up about £4.3bn in repayment to traders during the strike. To deal with this backlog cost some £500,000 in overtime payments. About £900,000 to £1m was saved in unpaid wages during the strike.

The Inland Revenue said that about £5.1bn in tax and National Insurance contributions were held up by the strike.

Immigration forecast

THE FLOW of dependents of first-generation immigrants from the Indian sub-continent to the UK is likely to continue into the 1990s, Mr Timothy Raison, Minister of State at the Home Office, said yesterday.

But Mr Raison told the Home Affairs sub-committee on race relations and immigration that the situation in the future depended on whether or not those born in the UK looked to the Indian sub-continent for spouses.

Shops Bill will go to Commons

AN ATTEMPT to lift restrictions on shop opening hours will now be scrutinised by the Commons.

Lady Trumpington's Shops Bill received a Third Reading in the Lords yesterday, amid protests from Opposition peers.

They appealed to the Government to set up an independent inquiry, consulting people involved, into the implications of shops being allowed to open when they wanted.

TECHNOLOGY

EDITED BY ALAN CANE

Power for process engineers

BY GEOFFREY CHARLISH

IN THE latest process control system from Brown Boveri Kent, distributed digital processing and high level colour display techniques have put yet more control power at the disposal of the process engineer and operator alike — and at higher reliability.

Known as the P4000 Distributed System, the new offering is from Kent Process Control, Hitchin, Herts, and is aimed at medium to large scale processing in the oil, chemical, minerals, metals, paper, glass and similar continuous production and bulk batch production industries.

On the plant side it uses a number of intelligent autonomous process units that are controlling the flows, temperatures, pressures and other variables while "management" units in the control room allow plant executives and operators to see what is going on via keyboards, colour screens and printers. Up to 4,000 plant items can be controlled.

Highways

"Distributed intelligence" technique, which in recent years has been supplanting the big central control computer—failure of which could shut down the plant and duplication of which was expensive — has now been pushed further forward by Kent.

For example, all the units are connected together not over the single, now familiar, data highway or "bus," but over several such highways, each of which can take a different route through the plant site. If one cable is damaged, the other can take over.

Kent calls its highway a data transport system or DTS. On the management side, typically, would be connected one or more system display devices (SDS) with colour presentation, data logger with printer and perhaps a process computer for plant modelling and for "what if" exercises.

On the plant side are connected the units that obtain data from and control the plant itself.

Any of these devices can be connected at any point in each of the four highways and each highway can be up to 5 km long. Furthermore, any device can be removed, or a new one inserted and re-configured into the total system on line: the process plant carries on apart from the areas being changed.

Vital to efficient utilisation of the DTS is Kent's "significant change" approach: instead of data being transmitted from each source continuously, taking up highway capacity, it is sent only when it changes beyond a pre-determined amount. Unnecessary traffic is thereby minimised.

Kent describes its transmission system as "democratic" since all units needing transmission access have an equal opportunity based on a "baton passing" principle.

A unit that has access to the highway at some moment sends its message, waits for acknowledgement from all the others and then hands over access ("passes the baton") to its neighbour.

Messages can be addressed, point to point, or broadcast. All of the four highways are used at once and no single element of P4000DS can cause total system failure.

Each of the management units—displays and loggers—can have immediate access to all the plant variable data through its own, local database, acting as a collector of the significant change data. Also, the point-to-point mode ensures fast response to alarms and operator requests.

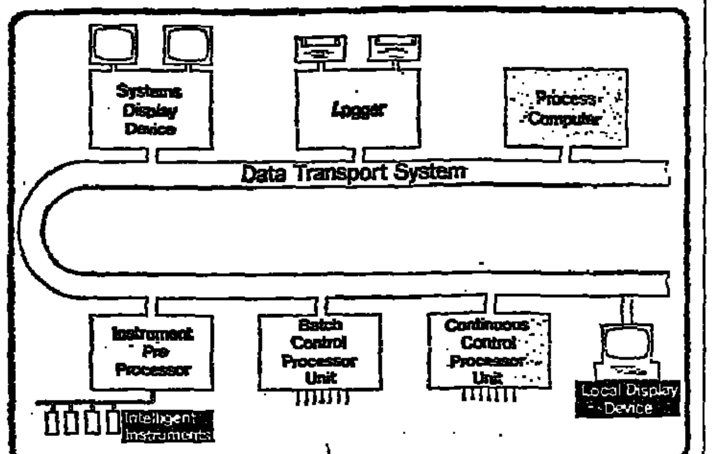
The operational, visual nerve centre of the P4000Ds is the system display device, SDD.

Over the years these visual systems have been developed by the industry to the point at which virtually any information the user might require from the plant can be conjured up on the screen.

Listings, mimic diagrams, baragraphs, trend curves—and in Kent's latest offering, composites of all of them at once—can be brought up within two or three seconds in colours to suit the idea of the user.

The object is to give the operators fast access to any plant data so that operating decisions can be implemented quickly and efficiently.

In the Kent approach, which has called for considerable software effort, the screen is divided into functional areas.



A narrow strip down the right hand side is an overview area and is always on the screen; about 30 names of control groups can be listed and if an alarm occurs within a group, its name is "alarmed" with a red blinking marker and immediately appears as an "action" line of data at the botom of the screen, where it remains until the operator does something about it.

Immediately, the operator can fill the screen with data about the troubled area, homing in on the problem.

Along the very bottom of the screen is a line of rectangular labels that align with "soft" buttons immediately below on the keyboard.

The buttons have whatever meaning the lables give them, changing to suit the immediate situation. In this way the operator is helped through the necessary sequences, being given only suitable courses of action.

Most of the display however, is given over to a choice of bar graphs, alphanumeric detail, mimic or trend displays.

A typical single line of a bargraph display for example, shows measured value and set point for a particular variable with yellow segments at the two ends denoting alarm zones. The same data is shown simultaneously, on the same line, with alphanumerics.

All kinds of mimic diagram can be produced, designed by the plant engineer using a special engineer's keyboard. This is probably the most dramatic facility since up to 63 items—valves, pumps, tanks, pipes, vertical band instrument displays "mini-trend" curves can appear on the screen at the same time. Some of them can even be animated: tanks for example can be seen filling up.

Trends of the plant variables, either very recent, or historical, can be built up, respectively from real time devices or out of the data logger's disc stores.

So far Kent has clocked up £15m of sales for the whole of the P4000 range since the 1979 introduction. For the latest distributed system, it already has an order from Blue Circle Cement

Tenacity for film and industry

Video and Film

BY JOHN CHITTOCK

FOR TWO WEEKS last month, a total of 250 people in London displayed an unrivalled dedication to industry and to film. As delegates to the London pre-selection screenings of the 21st British Industrial Film Festival, a measure of their tenacity is indicated by the 225 programmes screened during the fortnight.

An appreciation of the extent of their dedication can be gleaned by flicking through the programme — 27 minutes on fighting cancer, 33 minutes on the history of the Britannia Bridge, 30 minutes on Mrs Thatcher opening the new headquarters of AGB Conference Services.

In fairness, it is not quite so intimidating as it sounds, and even some of the very long films can be quite absorbing—such as the 27-minute Foreign and Commonwealth Office production, Seeing by Numbers, which is a compelling survey of how computers help in business, education and design.

Nonetheless, as a close observer of industrial films for more than 20 years, I have to report that the scene has changed significantly—mostly in a downward direction. Quantitatively, the decline is charted by the number of film entries—which peaked at 210 in 1975 after remaining around 200 during the 1970s, but has since dropped to 169 in 1981 and 159 this year. Videotape entries on the other hand are climbing—28 in 1981, 66 this year.

Such a trend was almost inevitable. More interesting, however, is an analysis of entries into the various categories. Taking video and film entries collectively and comparing them with 1972 entries, there is little change in percentage breakdown of subjects—whereas in some areas it would be reasonable to expect a noticeable shift over the decade.

For example, programmes on training represented about 20 per cent of all entries—hardly a dramatic swing in attention to our labour problems against the 17 per cent a decade ago. And in the caring society, safety and welfare subjects at 7 per cent of the 1982 total show a disturbing drop from the 16 per cent ten years ago. Likewise in these competitive times, sales programmes—12 per cent this year against 20 per cent in 1972 a year in which sales entries led the field).

Does this mean that British industry is becoming less concerned about safety, training and selling? Or merely that programes on these subjects are considered—in 1982—less worthy of entry into the annual festival? The latter point would be no more acceptable than the former, but some explanation seems necessary.

Distortion

Probably both explanations hold some validity, especially when comparing the figures with entries for the Second International Video Festival, which takes place in London next month during International Video Week. Although the video festival categories are fewer in number and come from all over the world—making direct comparison with the British festival difficult—selling programmes again represent only 13 per cent and safety only 4 per cent. But training leads the field with 21 per cent.

Probably what is happening, and not peculiar to Britain, is a distortion caused by the arrival of video. In training, for example, the new medium has many attractions (not all desirable ones) to the training officer—which has encouraged a desertion from the apparently expensive training film to the deceptively inexpensive video programme. The dramatic industrial spread of video may also account for the relatively high 17 per cent of video festival entries in the categories on internal communications and company magazines.

Employee communication is keeping the video industry busy, especially as large companies throughout the Western world are installing their own video networks. Which, in turn, ought to be a palliative for that declining interest in selling programmes, so why the lack of interest?

The dying species of the sales film owes its death pangs more to the arrival of video than to a slackening concern for marketing. Where once film was used by salesmen in 8 mm desk top projectors, or at hotel gatherings with hospitality thrown in, the declining interest in film has diminished these applications and has not been compensated by a rising use of video as a sales medium.

There has been no compensation because, at present, desk top, portable video machines do not exist; and the medium is not suitable for screenings to large gatherings. So, whereas in other festival categories the arrival of video has tended to balance out the drop in film entries, it has not with selling.

Nonetheless, as all of those company video networks start to spread, enterprising salesmen should be thinking more seriously about the use of video-cassettes as a selling tool.

It is, for example, a safe assumption that every training officer in the country now has a videocassette player available; and soon most bank managers, chief executives, school teachers and large estate agents: all potential customers for someone using video as a selling medium.

Why, however, that slump in safety and welfare? One possible explanation is that—as Cinderella subjects—where once film was used, very cheap and functional videotapes are now being made; so cheap and so functional that they are just not good enough to enter for festivals.

If this is so, it is an alarming trend. Good safety practice depends, initially, on the right attitude of mind—first recognising that dangers exist, then always taking the trouble to follow proper safety procedures. Poorly made, amateur, do-it-yourself safety programmes are likely to reach such creative heights and they become a poor substitute for the most important communications medium society has ever known.

Nevertheless, the trend will continue as video spreads and the making of do-it-yourself programmes seems to be as easy as pointing the camera and pressing a button. Any fool can make a video programme—and a great many do.

The media industry must learn to live with the problem—it won't go away—and try at least to educate the users. We are on the brink of a cultural revolution, where for the first time moving pictures are as available to everyone as words have been for two millenia. Marshall McLuhan was not altogether right—the medium is as important as the message, because if it is not used with fluency the message will be wasted or misunderstood.

Mantis award in subsea world of flying eyeballs

THE SILENT world beneath the waves around offshore oil platforms is inhabited by flying eyeballs and submersibles as well as the more usual marine life.

It has been the ability of OSEL, a small British engineering concern, to develop such equipment for use in repair and maintenance of offshore production wells that has resulted in its Queens award for technology.

OSEL gained its technology award on the basis of its very successful one manned submersible, the Mantis, in which the operator breathes air at a pressure of one atmosphere in depths of around 1,000 ft.

Next month, the company unveils a new version of the Mantis, called the Duplus, which will allow either manned or unmanned operation.

The system incorporates a microprocessor control which can be used on deck to control the submersible and was discussed on this page on April 6.

Though the technology is dominated by North American companies, OSEL has gained a significant hold in the market for manned submersibles. In the North Sea alone it has six machines operating in the Norwegian sector.

Mr Doug Hampson, chairman of the OSEL group, said that the company sold more one man submersibles than anyone else in the world last year.

There are too many companies competing in the submersibles market, Mr Hampson believes, but the need for either manned or unmanned underwater vehicles is likely to increase as offshore oil production moves into deeper water.

It is believed that conventional saturation diving techniques are already reaching their practical limit at depths of about 1,000 ft.

Apart from the dangers of working under pressure at such depths, divers face long term problems with diseases such as bone narcosis. It also takes a long time to pressurise divers whereas a submersible gets to the spot very quickly.

However, Mr Hampson believes that the company cannot stand still as regards technology. It is already well advanced with a new one-man submersible called the Hawk which looks rather like an underwater helicopter.

It has a large acrylic dome which gives the operator good all-round vision and uses a new garage concept—which enables the craft to move around on the seabed without having to drag along thousands of feet of umbilical cable—which provides the power and air—as most operating machines do today.

It is this machine which Mr Hampson believed could be developed to eventually reach depths of about 20,000 ft although he will need extra external finance of around £1m to realise that dream.

ELAINE WILLIAMS

FT COMMERCIAL LAW REPORTS

Leave to appeal from judge on arbitration point

BABANAFT INTERNATIONAL CO SA v AVANT PETROLEUM INC

Court of Appeal (Lord Justice Stephenson, Lord Justice Donaldson and Sir David Cairns): April 7 1982

LEAVE TO appeal from a High Court judge's determination of a preliminary point of law raised in arbitration proceedings will only be granted by the Court of Appeal in exceptional circumstances, unless it is apparent to the court on perusal of the judgment and without adversial argument that the judge was obviously wrong.

The Court of Appeal so held when refusing an application by Babanaft International Company SA, disponent owners of the Oltenia, for leave to appeal from Mr Justice Bingham's determination of a preliminary point of law raised in the course of arbitration proceedings in a claim by the owners against Avant Petroleum Inc, charterers.

The court dismissed an appeal by the owners from Mr Justice Bingham's refusal to grant them an extension of time in which to present their claim and supporting documents.

Section 2 of the Arbitration Act 1979 as amended by the Supreme Court Act 1981 provides: "(1) ... on an application to the High Court made by any of the parties to a reference [to arbitration] ... the High Court shall have jurisdiction to determine any question of law arising in the course of the re'erence ... (3) ... no appeal shall lie from such a decision unless—(a) the High Court or the Court of Appeal gives leave ..."

Section 27 of the Arbitration Act 1950 provides: "Where the terms of an agreement ... provide that any claims ... shall be barred unless notice to appoint an arbitrator is given or an arbitrator is appointed or some other step to commence arbitration proceedings is taken within a time fixed by the agreement ... the High Court ... may ... extend the time. ..."

* * *

LORD JUSTICE DONALDSON said that the owners hired the Oltenia to the charterers for a voyage from the Black Sea to the Mediterranean. The charter-party was on a standard form, but included a "one-off" clause, clause M 2. That provided that the charterers should be discharged from liability to the owners in any claim under the charter, unless the claim was presented to the charterers "in writing with all available supporting documents within 90 days from completion of discharge of the cargo."

The Oltenia completed discharge at Algeciras on December 16 1980. On December 30 the owners presented a claim to the charterers for damages for detention of the vessel at Augusta. The 90-day period mentioned in clause M 2 expired on March 16 1981. On March 17 the owners issued a writ in respect of the claim, and in respect of an additional claim. The claims were referred to arbitration.

The owners applied with the charterers' consent to the High Court under section 2(1) (b) of the Arbitration Act 1979, for a determination of a preliminary point of law. They also applied under section 27 of the Arbitration Act 1950 for an extension of time in which to present the claims and all available supporting documents.

(1) Application under section 2(1)(b) for determination of a preliminary point of law

The preliminary point of law was whether the claims were time-barred. Mr Justice Bingham held that the additional claim and its supporting documents were not presented within 90 days, and were therefore time-barred under clause M 2.

The original claim had been presented with much supporting documentation. The only omission was documentation supporting disbursements of $51,000 in two ports. Those disbursements were only one ingredient in the owners' calculations, but the sum was not trivial, and Mr Justice Bingham held that if they were available they should have been produced. Whether they were available was a question of fact for the arbitrators.

*

The owners now applied under section 2(3) of the 1979 Act for leave to appeal from that decision. In the *Nema* [1981] 3 WLR 292 Lord Diplock said at page 303, with regard to the granting of leave to appeal to the High Court from an arbitrator, that leave would not normally be given where the question was one of construction of a "one-off" clause. Normally it would only be given where it was apparent to the judge "upon a mere perusal of the award, without the *benefit of adversarial argument*," that the meaning ascribed to the clause by the arbitrator was obviously wrong.

If a similar approach were adopted by the Court of Appeal in considering whether to grant leave to appeal from a High Court decision, it would be inappropriate to allow the type of prolonged adversarial argument which was usually deployed where the application might be followed immediately by the hearing of the appeal. It would rather be for the court to read the judgment sought to be appealed, and to ask itself similar questions to those which should be asked by High Court judges, under the House of Lords ruling in the *Nema*.

Section 2 was the successor in title to the old consultative case, which aptly described its nature. It was essentially a speedy procedure designed to interrupt the arbitration to the minimum possible extent and was an exception to the general rule that the courts did not intervene in the course of an arbitration.

If, other than in wholly exceptional cases, it were used to obtain definitive decisions from the Court of Appeal or the House of Lords, it would create unacceptable interruptions in the conduct of arbitrations. Exceptional cases arose where the preliminary question of law determined the whole dispute between the parties. There might be other exceptional cases.

*

In the present case the court had read the judgment of Mr Justice Bingham on the construction of clause M 2 before hearing the application. It was a "one-off" clause. On a perusal of the clause and the judgment it was far from apparent that his decision was obviously wrong. On the contrary, it bore every indication of being right. Mr Yorke for the owners was therefore not allowed to argue the merits of the appeal.

The application for leave to appeal on the preliminary point of law should be refused.

(2) Extension of time under section 27

Granting leave to appeal from Mr Justice Bingham's refusal to extend time for presenting the claim and supporting documents, his Lordship said that in order to establish the court's jurisdiction to make an order under section 27, the owners had to show that clause M 2, or the charter-party as a whole, provided that claims would be time-barred unless some step to commence arbitration proceedings was taken within a time fixed by the agreement.

The owners' difficulties were obvious. Clause M 2 had no apparent connection with the commencement of arbitration proceedings with 90 days, or any other time. It appeared to relate solely to making a claim in a particular form within a fixed period.

The appeal should be dismissed.

Lord Justice Stephenson and Sir David Cairns agreed.

For the owners: Richard Yorke QC and Richard Aikens (Thomas Cooper and Stibbard).

For the charterers: David Johnson QC and Timothy Dutton (Coward Chance).

By Rachel Davies
Barrister

RACING

BY DOMINIC WIGAN

ONE OF the busiest mid-week programmes in a long time is scheduled for today. Flat-racing enthusiasts will be served by Nottingham, Bath and Thirsk. Those preferring the jumping-game have meetings at Ascot and Perth.

Flat racing offers almost invariably the richest spoils. By far the most valuable races today, however, are at Ascot. There, the £10,000-added Pearce Duff Novices Chase is sandwiched between extremely good purses for the Royal Fern Novices Chase and the Alpine Meadow Handicap Hurdle.

There, however, the backer has a tricky time ahead of him, to say the least. Although the racing is of a high calibre punters will do better to concentrate bets on Bath and Nottingham.

For the best value at the West Country track Sky High Guy, among runners for the sixth race on the card, division one of the Blathwayt Maiden Stakes, is worth a long wait. Sky High Guy raced once as a juvenile. He showed there is a modest event in store for him, such as today's mile maiden, when chasing home the far more forward Free Press in a similar event over 10 furlongs at Nottingham three weeks ago.

Always up with the pace there, James Bethell's good-looking colt seemed like making a close race of it until Kingsclere's Free Press, a half-brother to five winners, went on at the distance. Unless Sky High Guy is extremely unfortunate he will not find a rival of that winner's ability this time.

ASCOT
2.00—Kintbury
2.30—Cobblers Castle

BATH
4.30—Sky High Guy***
5.00—Percase**

THIRSK
2.45—Escart Bay
3.15—Cumulus*
4.45—Godstruth

NOTTINGHAM
4.00—Bright Wire
4.30—The Dice Man

TELEVISION

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.05-11.37 For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill At One. 1.45 The Flumps. 2.00-2.12 You And Me. 3.25 Weekend Wardrobe. 3.53 Regional News for England (except London). 3.55 Play School. 4.25 The All New Popeye Show. 4.40 The Record Breakers. 5.05 John Craven's Newsround. 5.10 Rentaghost.

5.40 News.
6.00 Regional News Magazines.
6.25 Nationwide.
6.50 Looking Good, Feeling Fit: The show that helps you make the best of what you've got.
7.15 Triangle.
7.40 QED.
8.10 Flesh and Blood starring Thora Hird and Bill Fraser.
9.00 News.
9.25 Play For Tomorrow: "Cricket," by Michael Wilcox.
10.20 Task Force ... The Home Front: How the families of those in the navy coped during the Falklands crisis.
10.50 Harry O (Detective series starring David Janssen).
11.40-11.45 News Headlines.

Chris Dunkley: Tonight's Choice

A jolly good night for playing Scrabble, bathing the dog, or fantasising over wine merchants' catalogues. BBC-1 offers its salt water soap opera Triangle and its cement works soap opera Flesh and Blood plus another of its peculiarly ill-assorted gee-whiz children's science documentaries QED, and another of its so far dreadful Plays For Tomorrow. The channel's only vaguely enticing prospect is Task Force ... The Home Front, a documentary about the families around Portsmouth left behind by Naval staff when they left for the Falklands.

ITV has a repeat of the game show Give Us a Clue, a repeat of a Morecambe and Wise show, and further episodes of the comedy Sorry, I'm a Stranger Here Myself, which seems to have suffered from losing one of its script writers, and the trendy downwatch drama series The Brack Report. London's teenagers get a new late night agony column Crying Out Loud, presented by Anna Ford.

However it does sound worth switching on for BBC-2's *Nothing Final*. This looks at the activities of the Swiss-American doctor Elisabeth Kubler-Ross who is described as "a one-woman travelling hospice." She is intent upon altering our attitudes towards death.

BBC 2

6.40-7.55 am Open University. 11.00-11.25 Play School. 1.45 pm Racing from Ascot. 5.10 Sharing A House. †5.40 Buck Rogers. 6.00 Fancy Fish. 6.25 News Summary. 6.30 Broadway Musicals: "How To Succeed In Business Without Really Trying." 8.30 Top Gear. 9.00 Roy Clark Travelling Music Show. 9.45 Nothing Final. 10.35 Cameo. 10.45-11.35 Newsnight.

LONDON

9.30 am Schools Programmes. 12.00 Button Moon. 12.10 pm Let's Pretend. 12.30 The Sullivans. 1.00 News, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Crown Court. 2.00 After Noon Plus presenter Mavis Nicholson talks to John Lill, one of Britain's most successful concert pianists. 2.45 My Father's House. 3.45 Home Sweet Home. 4.15 Porky Pig. 4.20 On Safari. 4.45 CB TV—Channel 14. 5.15 The Brady Bunch.

5.45 News.
6.00 Thames News.
6.25 Help! with Viv Taylor Gee.
6.35 Crossroads.
7.00 Horace.
7.30 Give Us A Clue.
8.00 Sorry, I'm A Stranger Here Myself.
8.30 The Morecambe and Wise Show with Diane Keen.
9.00 The Brack Report.
10.00 News.
10.45 Midweek Sports Special.
11.55 Crying Out Loud presented by Anna Ford and James Maw.
12.25 am Close: Sit Up and Listen with Mary Craig.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA
12.30 pm Gardening Time. 1.20 Anglia News. 3.45 Looks Familiar. 5.15 Diff'rent Strokes. 6.00 About Anglia. 11.40 Quincy. 12.35 am Tuesday Topic.

BORDER
1.20 pm Border News. 3.45 Looks Familiar. 5.15 Radio. 6.00 Lookaround Tuesday. 11.40 Border News Summary.

CENTRAL
12.30 pm The Young Doctors. 1.20 Central News. 3.45 Looks Familiar. 5.15 Radio. 6.00 Crossroads. 6.25 Central News. 7.00 Central News. 11.45 Pro-Celebrity Angling. 12.15 am Tuesday Jazz and Blues: James Cotton.

CHANNEL
12.30 pm Marilyn Baker—Songwriter. 1.20 Channel Lunchtime News, What's On Where and Weather. 3.45 Welcome back Kotter. 5.20 Crossroads. 6.00 Channel Report. 6.30 Looks Familiar. 10.28 Channel Late News. 11.40 Hero Weekly. 12.35 am Commentaires et Prévisions Météorologiques.

GRAMPIAN
9.30 am First Thing. 12.30 pm Paint Along with Nancy. 1.20 North News. 3.45 Looks Familiar. 5.15 The New Fred and Barney Show. 6.00 North Tonight. 11.55 Spellbinders. 12.25 am North Headlines.

GRANADA
1.20 pm Granada Reports. 1.30 Exchange Flags. 2.00 Crown Court. 2.30 Home Movies. 3.45 Looks Familiar. 5.15 Happy Days. 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports. 11.40 Late Night from Two.

HTV
12.30 pm Paint Along with Nancy. 1.20 HTV News. 3.45 Looks Familiar. 4.15 Ask Oscar! 5.15 Diff'rent Strokes. 6.00 HTV News. 10.28 HTV News. 11.40 Portrait of a Legend.

HTV Cymru/Wales—As HTV West except: 9.35-9.50 am Mwy Neu Lai. 11.39-11.54 Yn Ei Cynefin. 11.55 Cerdd. 12.00-12.10 pm Cal Coco. 4.15-4.45 Ar Ei Ol. 6.00 Y Dydd. 6.15-6.35 Report Wales.

SCOTTISH
12.30 pm Gardening Time. 1.20 Scottish News. 3.45 Looks Familiar. 5.20 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today followed by Job Spot. 6.30 What's Your Problem? 11.40 Late Call. 11.45 Nero Wolfe.

TSW
12.30 pm Marilyn Baker—Songwriter. 1.20 TSW News Headlines. 3.45 Welcome Back Kotter. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South West. 6.30 Looks Familiar. 10.49 TSW Late News. 11.55 Postscript. 12.00 South West Weather.

TVS
1.20 pm TVS News. 3.45 Looks Familiar. 5.15 Watch This Space ... Lemon of the Week. 5.30 Coast to Coast. 6.00 Coast to Coast (continued). 11.40 News in Concert. 12.35 am Company.

TYNE TEES
9.25 am The Good Word. 9.30 North East News. 1.20 pm North East News and Lookaround. 3.45 The Flintstones. 5.15 Survival. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 11.55 The Two of Us. 12.00 Christian Hope ... Where There's Life.

ULSTER
1.20 pm Lunchtime. 3.45 Looks Familiar. 4.13 Ulster News. 5.15 Lemon of the Week. 5.30 Good Evening Ulster. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 11.40 News at Bedtime.

YORKSHIRE
1.20 pm Looks Familiar. 1.20 Calendar News. 3.45 Calendar Tuesday. 5.15 Harrogate Spring Flower Show. 6.00 Calendar (Emley Moor and Belmont editions). 11.55 Barney Miller.

RADIO

(S) Stereophonic broadcast (when broadcast on VHF)

RADIO 1
5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Paul Burnett. 2.00 pm Steve Wright. 4.30 Peter Powell. 7.00 Talkabout. 8.00 David Jensen. 10.00-12.00 John Peel (S).

VHF Radio 1 and 2: 5.00 am With Radio 2. 7.30 pm John Dunn (S). 8.00 The Golden Age of Hollywood (S). 9.00 Listen to the Band (S). 9.30 With Radio 2. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2
5.00 am Ray Moore (S). 7.30 Terry Wogan (S). 10.00 David Frost (S). 12.00 Gloria Hunniford (S). 2.00 Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News and Sport. 8.00 John Dunn (S). 7.30 Soccer Special: Wales v England. 9.30 The Organist Entertains. 10.00 The Arthur Askey Show. 11.00 Peter Clayton with Round Midnight. 1.00 am Encore (S). 2.00-5.00 You and the Night and the Music with Charles Nove (S).

RADIO 3
6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Dufay (S). 9.45 Dvorak's Other Cello Concerto (S). 10.30 Carlos Bonell (S). 11.25 Tennyson: Said and Sung (S). 12.05 pm BBC Welsh Symphony Orchestra concert, part 1 (S). 1.00 News. 1.05 Six Continents. 1.25 BBC Welsh Symphony Orchestra, part 2 (S). 2.10 Czech Choral Music (S). 2.40 Stanislav Heller harpsichord recital (S). 3.05 Stokowski Conducts (S). 4.25 Jazz Today (S). 4.55 News. 5.00 Mainly for Pleasure (S). 7.00 Saul Bellow and the Latter-Day Lear-To... 8.00 Royal Philharmonic Orchestra concert from the Royal Festival Hall, London, part 1: Mendelssohn, Shostakovich (S). 8.45 Spices (short story). 9.05 Concert, part 2: Brahms (S). 10.00 Getting Away with Murder. 10.20 Songs by Ravel and Chausson (S). 11.00 News. 11.05-11.15 Haydn (S).

RADIO 4
6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.33 Yesterday in Parliament. 8.57 Weather, travel. 9.00 News. 9.05 Tuesday Call. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Daily Service. 10.45 Bus Stop Maggie with Roger McGough. 11.00 News. 11.03 Thirty-Minute Theatre (S). 11.33 Wildlife. 12.00 News. 12.02 pm You and Yours. 12.27 Detective (S). 12.55 Weather, travel, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.00 News. 4.02 Why I'm Me with Des Wilson. 4.10 Fern's the Tartan. 4.40 Story Time. 5.00 PM: News magazine. 5.50 Shipping forecast. 5.55 Weather, programme news. 6.00 News including Financial Report. 6.30 Brain of Britain 1982 (S). 7.00 News. 7.05 The Archers. 7.20 Medicine Now in Scotland. 7.50 Animal Language in Scotland (S). 8.20 What England Spends ... The economic changes taking place in Scotland. 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 And So to Bed. 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 12.00 News.

COMPANY NOTICES

COLD STORAGE HOLDINGS P.L.C.

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Empire Dock, Singapore 0409, at noon on 25th May, 1982 when the Directors will recommend for approval a Final Dividend of 7 Singapore cents per 10p stock unit less Malaysian income tax in respect of the Financial Year ended 31st January, 1982 payable on 28th May, 1982 to Stockholders on the Registers as at that date, making a total distribution for the year of $7,800,000 (previous year $7,800,000).

NOTICE IS ALSO GIVEN that the Transfer Registers of the Company will be closed from 19th May to 28th May, 1982 both dates inclusive, for the preparation of dividend warrants.

The audited results of the Company and of the Group for the year ended 31st January, 1982 were:-

	The Group 1982 $'000	The Group 1981 $'000	The Company 1982 $'000	The Company 1981 $'000
Turnover	759,500	358,200	—	—
Operating profit before taxation	20,347	23,864	20,199	21,833
Taxation	(7,775)	(9,040)	(5,899)	(7,486)
Profit after taxation	12,572	14,824	14,300	14,347
Less: Minority interests	(1,894)	(503)	—	—
	10,678	14,321	14,300	14,347
Extraordinary items	3,582	6,095	(3,466)	4,523
Profit attributable to Stockholders of Cold Storage Holdings P.L.C.	14,260	20,416	10,834	18,870
After charging:- Depreciation of fixed assets	7,666	6,328	—	—

BY Order of the Board
J. D. RAJ, Secretary

Singapore,
15th April, 1982.

ENTE NAZIONALE PER L'ENERGIA ELETTRICA (ENEL)
7½% 1971/1986 Loan of European Currency Units 60,000,000

Notice is hereby given to bondholders of the above loan that the Deutsche Mark (European Currency Unit 1=DM 3.66) has been selected as payment currency for drawn debentures and due coupon.

Drawn debentures and Coupon No. 11 will be payable on or after May 1, 1982 by the paying agents mentioned on the debentures.

Fiscal Agent
KREDIETBANK
S.A. Luxembourgeoise

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CITIES SERVICE OVERSEAS FINANCE N.V.

17 PER CENT NOTES

The undersigned announces that the annual report of Cities Service Company for the year ended December 31, 1981 will be available in London at: Credit Suisse First Boston Limited, 22 Bishopsgate, London EC2N 4BQ.

April 27, 1982.

NOTICE OF MEETING
SAVERS ASSURANCE SOCIETY
Registered Office:
269 Park Road, Oldham
Lancashire, OL4 1RT

ANNUAL GENERAL MEETING of the above Society will be held at the Registered Office on Tuesday, 11th May 1982 at 10.00 a.m.

AGENDA
1. To receive the Accounts for the year ended 31st December 1981.
2. Election of a member to the Committee of Management (Nominations must be sent in writing to the Registered Office to be received there at least two days before the date of the Meeting.)
3. Amendment to Rule 15 in order to appoint a Custodian Trustee.
4. Any other Business.

Signed.: G. W. C. WATTS, Secretary.

PUBLIC NOTICES

HAMPSHIRE COUNTY COUNCIL
£10,000,000 Bills issued on 28.4.82 at a rate of 13⅞% to mature 24.5.82. Total Applications were £20,000,000 and these are the only Bills outstanding.

LEGAL NOTICES

IN THE MATTER OF
POM ROUGE LIMITED
AND IN THE MATTER OF
THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 19th day of July 1982, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Surjit Kumar Singla, F.C.A., of 423 Alexandra Avenue, Harrow, Middlesex, HA2 9SE, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 19th day of April 1982.
S. K. SINGLA, F.C.A.,
Liquidator.

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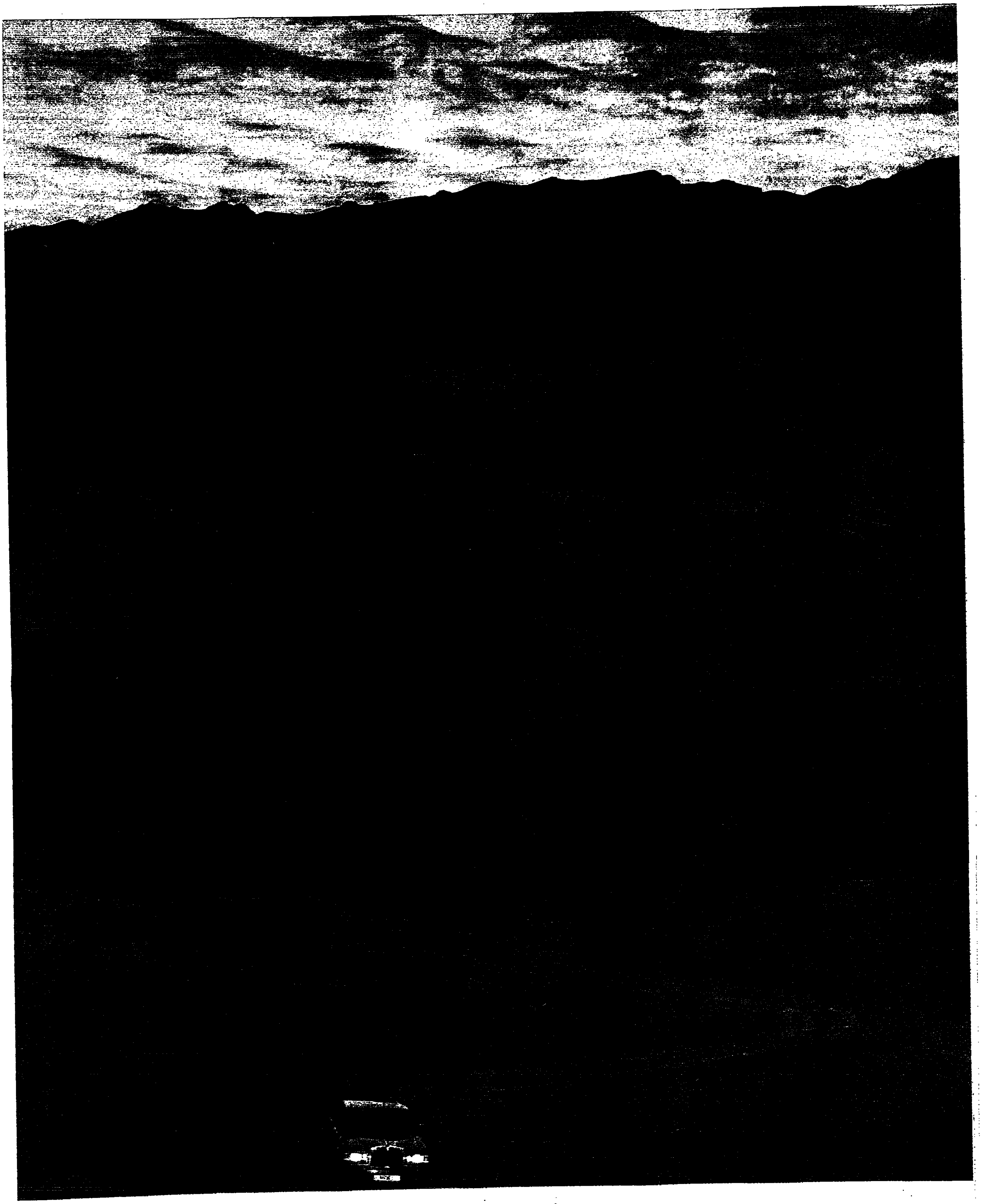


THE MANAGEMENT PAGE : Small Business

EDITED BY CHRISTOPHER LORENZ

NORTHERN IRELAND: BY TIM DICKSON

Shifting emphasis in battle to create jobs

ALTHOUGH smaller companies are frequently cited as a key element in any effort to retrieve unemployment, it is rare to see new job targets being set for the sector.

In Northern Ireland, however, a Government agency has now been given the task of promoting 12,000 new jobs in the next five years — a rate which means it must substantially better its previous best efforts.

Set up back in 1971 — the year when the famous Bolton Report first raised considerably the profile of small firms —Northern Ireland's Local Enterprise Development Unit (*LEDU*) *is committed to providing a wide range of support for both new and existing businesses with less than* 50 employees.

Financial packages—mainly grants but also loans and small amounts of equity—are the unit's main weapons in the fight for new jobs, but other forms of assistance can be provided such as marketing skills and technical advice. Projects using new technology are of particular interest though anyone seeking support has to satisfy the unit that their idea has both a long term future and is adequately funded.

The recent Government decision not to involve LEDU in the new Industrial Development Board (IDB)—being created by the current merger of the Northern Ireland Development Agency (NIDA) and the Department of Commerce to co-ordinate *more effectively Northern* Ireland's wider industrial development policies — can certainly be seen as a vote of confidence in the unit's work.

LEDU has established an identity among the small firms it aims to encourage and while it is not without its critics locally it can in many ways be seen as a model for a more integrated Government approach to small businesses elsewhere in Britain.

LEDU measures its success in terms of employment promotion and over the past 11 years more than 10,000 new jobs have been promoted as a direct result of its activities. Grants amounting to more than £21m have been committed over this period (*£3.8m alone in the year to* last May), together with loans of around £5m (*about £200,000 in 1980-81*). *The net* cost per job, two-thirds of which are estimated to be still in existence, works out *currently* at roughly £3,800.

LEDU's target of 12,000 new jobs was set last year *and revealed in a paper*—Framework for Action—presented by James Prior, the Secretary of State for Northern Ireland, in October. It is an ambitious target bearing in mind that while the unit's contribution to employment has been rising, the total number of jobs created over the past two years has still not been more than 1,200 per annum.

A new strategy is therefore being applied to get beyond this plateau.

This will involve concentrating much more on expanding existing businesses *than helping to create new* ones, according to George Mackay, LEDU's chief executive.

"*Perhaps 20 per cent of* our activities at the moment are associated with existing companies," *he explains.* "We would like to get this up to nearer 40 per cent. We feel *that* we can help businesses that are prepared to consider expansion and we will be assigning people to assist in the identification of new products and new markets. We are sure that there is a lot of unexploited potential in Northern Ireland."

At the same time LEDU is devoting more effort to companies in the service sector. "We felt that we were putting too much emphasis on manufacturing," says Mackay. "There are a limited number *of people with the interest* and energy in Northern Ireland actually to make things and it has become clear that many of those being made redundant were not prepared to take the risks, although they have the requisite skills."

LEDU operates through four area offices which in turn are split up into teams.

The idea is that one member of the team develops a special relationship with a client company, helping it to overcome all obstacles to growth. LEDU reckons to be able to cope with most financial, administrative and technical problems. But with marketing — which is "industry specific" — it usually *goes for outside experts.*

Mackay is keen that the unit should not just be seen as a *source of money:* advice on accommodation, other sorts of Government help and introductions to the banking world can also be provided. Financial packages in fact, are often put together with the assistance of the banks.

LEDU does not manage to please everyone. It is, for example, the target for allegations that it is bureaucratic, notably because applications have to be approved by a non-executive board. Frustration can arise if a local LEDU representative promises one thing and the board another.

Others complain that LEDU is *too fussy about who* it backs and too careful with its resources. Although all are *agreed* that there is no point in throwing good money after bad, some entrepreneurs say that the unit should itself take more risk.

New skills born out of recession

TEXTILES were once manufactured and, more recently, hens allowed free range inside the solid stone outbuildings at Dough, near Ballyclare, which *now house two small Northern* Irish engineering firms.

In the next couple of months *an arguably more radical, if* less conspicuous, transformation will be taking place on this County Antrim site which lies in open countryside some 20 miles north-east of Belfast.

Thanks to a deal signed last December the two firms—Ulster Engineering and its sister company Gowdy Gear and Engineering—are on the threshold of moving from skilled but unpredictable sub-contract work to take on the more exciting manufacture of a world beating product.

The product is a new and remarkably powerful waste-shredding machine which *devours everything from cardboard boxes and tin cans to* old tyres and steel pipes. It *can reduce in size certain waste* products by up to 10 times their volume.

Developed by Al Kaczmarek, a German-born American, who is president of the Shredpax Corporation of Chicago, the machine is made under licence in Australia, Canada and Japan but so far has not been manufactured for distribution in Europe.

Following last December's agreement that opportunity has now been presented to the two Ballyclare firms and in particular to their managing director Jack Gowdy.

At this stage of their development Ulster Engineering and Gowdy Gear are just the sort of companies *which the province's* Local Enterprise Development Unit (LEDU)—see above—is increasingly keen to promote.

Attracting big companies to the "Province" is still the major plank of industrial development but as Jack Gowdy's own experience illustrates big multinationals can be fickle and leave in their wake much more than their own redundant labour force if they decide to pull out.

Ulster Engineering, which Gowdy founded with a partner in 1971, and Gowdy Gear, which he set up separately in 1978 to develop more sophisticated but more risky gear technology, were until the end of 1979 both heavily dependent for business on local factories owned by the *big man-made fibres groups.* "At about that time most of these groups started to stagger," recalls Gowdy, "while I appreciated the problem then I thought it would be another four or five years before the

sector collapsed. I never thought *companies like ICI,* Dupont, British Enkalon and Courtaulds would close down their Northern Irish operations so quickly."

The position was so desperate by the middle of 1980 — when closures were being announced thick and fast — that both Ulster Engineering and Gowdy Gear were down to a three-day week and 25 per cent of the workforce had to be laid off. By the end of that year, however, things had started to look up.

"We quite consciously looked around for new markets and identified aerospace, oil, mining and defence industries as growth sectors," says Gowdy. In particular Ulster Engineering started bidding for some sub-contract work for Short Brothers, the big state-owned aircraft manufacturer and engineering group in Belfast and "a company we had shied *away from in the past because* we thought their standards might be too exacting."

Hard work and the development of new skills, however, paid off with the result that Ulster Engineering eventually won an order to produce ribs for aircraft wings. Some 60 per cent of turnover is now attributable to the aerospace sector.

Although this new activity was keeping one of the companies busy, Gowdy Gear was still struggling last year to find enough work.

Gowdy explains: "We thought the best thing to do was to look for our own product so that we could use the engineering skills of both companies more effectively. I was also keen on our own product because there is more money to be made."

After looking at a couple of other licensing opportunities, the American link came about *through a lucky break. Quite* by chance Gowdy discovered that another local sub-contract engineering firm was negotiating with the U.S. corporation. "When they withdrew I rang up Chicago and said we were interested. I asked LEDU if one *of their representatives would* fly out with me and at the end of a couple of visits we had signed the deal."

Teamwork behind a successful licensing agreement: Jack Gowdy; Bill McConkey, of LEDU; Al Kaczmarek, of Shredpax Corporation; Robbie Whitla, of Ulster Bank

Besides the licensing agreement Gowdy also came home with an initial £800,000 order for the machines from Shredpax itself for the U.S. market.

Naturally enough Gowdy is excited by the potential for this new "garbage gobbler"—tyre companies and other industrial groups are already displaying a keen interest and local authorities are another obvious source of business. The licensing deal, however, has also brought with it a few headaches.

Money, not surprisingly, is the chief worry at the moment though the package of grants and loans he has negotiated with LEDU and his bank (Ulster Bank) should give the companies enough "front money" to take on and train extra labour, buy in materials and cover the expenses of the licensing agreement.

The engineering expertise of the companies that helped win the contract would not have been possible *without the computer numerical control* (CNC) machine tools they installed (with LEDU help) in the middle of 1980 says Gowdy.

He is also convinced that small locally based firms hold the future in Northern Ireland and elsewhere, but that the Government must encourage them to exploit overseas markets. "We must have more confidence to 'think big' because if we do not there are plenty of competitors who will do so for us," says Gowdy.

In brief . . .

THE FULL list of banks which are to operate the Department of Industry's small firms loan guarantee scheme has now been assembled with the announcement last week that three new banks have been included — Standard Chartered, Beneficial Trust, and Bank of Credit and Commerce.

There are now 30 banks in the scheme—which is operating on a pilot basis—and no more will be added till it is put on a more permanent footing in perhaps a year or so. At that stage it may be at least partially redesigned.

Use of the scheme by the banks is varying widely. Barclays is leading, having agreed 736 loans worth £28.2m out of the total 3,350 loans (£113m) approved by the Industry Department. At the other end of the scale banks like the U.S.-owned Beneficial Trust (whose interest in small businesses stems from the Birmingham-based Securities Trust which it absorbed in 1980) may only do 20 or 30 loans in the first year.

●

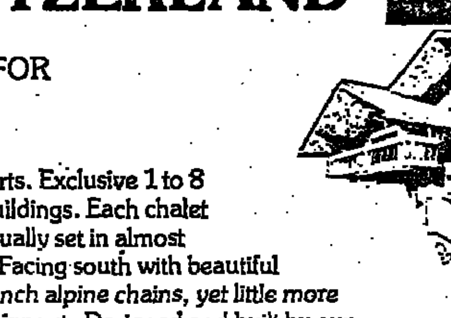
VALUE ADDED TAX (VAT) and the form filling that accompanies it probably causes more anguish for smaller businessmen than any other aspect of Government policy. Now a new working party has been set up to consider ways of simplifying the system and formulating proposals for next year's Finance Bill.

The working party will be chaired by City accountant Ian Davies and is sponsored by Michael Grylls, the Tory backbench MP, and Fred Tuckman, the MEP for Leicester. The Forum of Private Business, the Association of Independent Businesses, the National Federation of Self-Employed and the Small Business Bureau are represented.

Submissions should be sent to: Miss Kate Barker, 4, Churton Place, London SW1.

●

HARD pressed UK businesses whose customers don't pay their debts might take a leaf out of the book of a U.S. Corporation. "Dear Sir," it wrote in desperation, "If you look at the date of our last invoice you will see that we are doing more than even your own mother. We have carried you for the last 12 months."



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A FINANCIAL TIMES SURVEY
SMALL BUSINESSES
TUESDAY 22 JUNE 1982

The Financial Times is planning to publish a survey on Small Businesses on the above date. The provisional editorial synopsis is set out below.

INTRODUCTION Small businesses have now been at the centre of attention in most Western countries for several years and there is no sign of this interest slackening. In the UK, as the recession has deepened, policies aimed at encouraging the creation and the growth of small businesses have been developed by the Government, financial institutions and large companies. But too much should not be expected of them in the short term. Abroad, countries like France, Canada and the US have adapted their policies and initiatives.

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THE ARTS

Art and the academic

One of the greatest changes to affect what one may categorise as the art scene in the post-war era has been the proliferation of art history as a subject. The British establishment always had more than a degree of mistrust for this foreign importation, strongly Germanic in origin and approach, and the early years of the Courtauld Institute of Art in the 1930s must have been little short of heroic.

I always remember the legend at the National Portrait Gallery that any connection with the Courtauld automatically excluded a candidate for a post in the eyes of its then director, Sir Henry Hake. He would turn in his grave to see the burgeoning of this subject through the universities of this country in the post-war period: London, Oxford, Cambridge, Edinburgh, Glasgow, Manchester, Leeds, East Anglia, York, to name but a few. Judging from the fact that Bristol was the only one so far to go under in the recent cut-backs, they are pretty unsinkable.

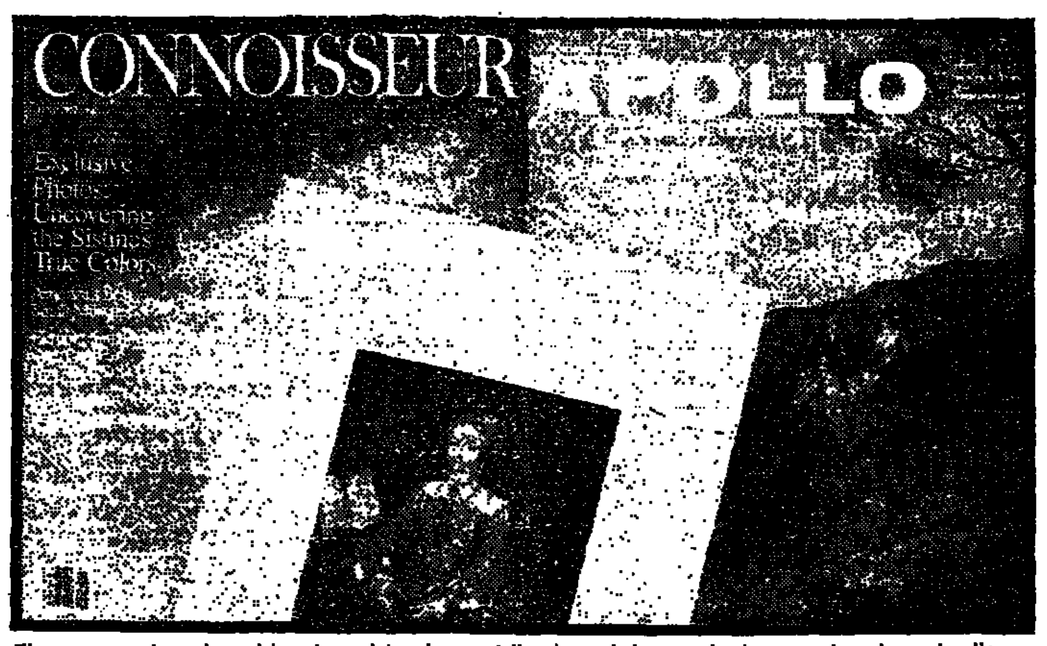
It is still too early to assess the effects of all this on our society as we move towards the close of the century but the advent of a small army of art historians must surely be a profound one. We only have to open a saleroom catalogue to see its impact in the massive entries that can accompany each item, unknown in the 1950s. Christie's even puts out an advertisement listing the publications of its art historians!

But this is only one aspect of their colonisation. Obviously like any other academic discipline, art historians promote their own subject with fervour, so that it has even entered the curricula of some comprehensives. That the general level of scholarship has risen cannot be denied and this huge advance of knowledge is certainly greatly to be welcomed. But it can bring less fortunate consequences. A handy parallel might be the arrival of history as a fully fledged discipline in the modern sense in the last century, the shift from the age of the literary historian such as Carlyle or Macaulay writing for a broad public to the world of Stubbs and Froude, when it had become a codified closed field with complex schools of thought, learned journals and in-fighting.

Art history has got to precisely that stage in this country. Fifty years ago it did not exist as an academic discipline. Now it is triumphant and everywhere one senses the tensions that this has brought.

The effect is eminently traceable in the first place on art magazines. Those which cater for the academic world unashamedly such as The Journal of the Warburg and Courtauld Institutes and Art History can be put to one side. They are publications designed as vehicles for extreme erudition on a non-profit basis.

It is those which occupy what might be categorised as the middle ground which are most disorientated. The Burlington Magazine, Apollo and Connoisseur, publications which, although used by the specialist, have or had their roots in the general reader and the collector. They depend on sales and advertising revenue to survive. Any examination of a run of these over the last 30 years will show the effects of art history.



The art magazines that, although used by the specialist, have their roots in the general reader and collector

Roy Strong reports on a current crisis of criticism

The level of informed art scholarship has rocketed as rapidly as the level of general comprehensibility has plummeted. Not only do the subjects dealt with vie with each other in their obscurity, but the language in which they are written and the assumptions made by the writers betoken art historian talking to art historian. No, there is nothing wrong with that but there must be a connection between this and declining circulation.

To a degree, those magazines used to represent a middle ground which is swiftly becoming lost. More than once in the last few years has Connoisseur been re-cast but as yet it has not successfully recaptured that ground. The variation is right but the formula has been wrong. The effect on art galleries and museums in the long run must be enormous because their founders can never have envisaged that they would eventually be staffed by art historians. In the past, curatorial staffs of the national collections were generally grounded in some branch of the humanities, history, literature or the classics and when I started my career in the mid-1950s there was a distrust of art history and art historians in museums.

The feeling on the whole was mutual and it was not until the late 1960s that I remember Michael Jaffé convening a conference at Cambridge to open up interplay between art history departments and the museums. It was a frosty occasion with many of the museum old guard tossing less an icicle than an iceberg across the table. The matter went into abeyance until well on into the 1970s, by which time the museums had been colonised. The recent formation of the Association of Art Historians represents the conclusion of the saga as its members straddle both professions.

This has had many effects. Let me take one. A critic, who is the director of a museum, opened a review in The Times recently by stating that exhibitions had no right to be staged unless they advanced art historical knowledge. What an astonishing statement! Heaven protect us. It would have meant in the case of the V and A, for a start, that none of the great series of environmental exhibitions in the 1970s would ever have been staged and the Boilerhouse, with its preoccupation with the mass produced artefacts of now, would be closed tomorrow.

Of course art exhibitions can and should advance art historical knowledge but such exhibitions, maintained and paid for by the tax payers should not be art historical ego-trips. There is nothing wrong with delighting, informing, even irritating an informed public. Too often, however, one has seen them used as vehicles by scholars to bring together in different works of art that they were too lazy to go and see. The result as far as one recent exhibition of a major British artist was to accentuate his mediocrity. And nothing is more depressing than exhibition catalogues which make little or no gesture to the ordinary visitor.

These are but a few of many flares I could send up, indicators that art historians (I count myself as one) have wider obligations than an obsession with self-status. This is no plea for populism and considerably less for balance. More art historians could mean less and not more enthusiasm and understanding of art by the educated public. If it does, the coming to age of art history will have paid a terrible price.

Barbican Hall

London Symphony Chorus

by MAX LOPPERT

Doubts have been expressed about the Barbican Hall acoustics insofar as, from different vantage points, they represent the balance of various instrumental combinations. But, from a seat in the first tier, the picture composed during Sunday's London Symphony Chorus and Orchestra concert of the Mozart C Minor Mass as given by large-scale vocal and instrumental forces was admirable alike for clarity, balance, and the indefinable quality of presence.

The conductor was Richard Hickox, who ensured that all the working parts of the massively piled Mozartian structures were in the trimmest running order: yet it was not his efforts alone, nor those of the carefully prepared chorus and orchestra, that created so characteristic an effect of Mozartian solemnity and Mozartian sweetness in classic combination. The hall made the difference.

When this happens, as it does all too rarely, the much-vaunted inconsistencies of style between the extant movements of the incomplete Mass fade in importance; the richness that Mozart achieved in whatever style he undertook baroque or rococo, is its own kind of consistency. Mr Hickox urged sharply profiled rhythms from the orchestra and organ continuo (excessively so in the double-dotted "Qui tollis," which seemed momentarily in danger of becoming becalmed at mid-point), and truthful intonation from his choristers. Yet the cleanly articulated manner of performance never risked preciousness.

The female voices were attractively matched — Yvonne Kenny returned to her most glowing, limpid form, capable of both charm and seriousness, as the first soprano. Felicity Palmer a contrastingly fiery second.

The pleasures of Mozart made amends for the pains—at least as suffered by the occupants of the first tier's left sector—of the first part of the concert: in the Five Mystical Songs, all the eloquence of John Shirley-Quirk's soft singing and the aptness of the choral underpinning were set at nought by a still-photographer who, from a position at the back, crashed into the musical proceedings with barbarous persistence. How did he ever gain entry?

Obituary

Celia Johnson

Dame Celia Johnson, who died on Sunday aged 73, was about to open in a new West End play. She was to appear opposite Sir Ralph Richardson, renewing a potent senior partnership that had been forged a few years ago in William Douglas Home's *The Kingfisher*. Tonight's official opening of *The Understanding* at the Strand Theatre has been cancelled and the production postponed until further notice.

The parts for which the public may best remember Celia Johnson tend to show her in well-bred resistance to misfortune — in the film of *Brief Encounter*, for example. A good many of the parts she played towards the end of her career followed this pattern: she was a determined aristocrat in *Lloyd George Knew My Father* (taking over Lady Boothroyd from Peggy Ashcroft) and as the Dame of Sark in the play of that name.

But even then she was capable of rich comedy. She took over Judith Bliss from Edith Evans in the National's *Hay Fever*—she was never averse to following other players in good parts, from Edna Best on—and was so well liked that the play was produced commercially for her three years later.

She played Saint Joan with the Old Vic company, and Viola; Olga in *Three Sisters* and Mme Ranevskaya in *The Chery Orchard*; but most of her work was in what might be called Shaftesbury Avenue drama. She was in *Ten Minute Alibi*, and had a two-year run in *The Wind and the Rain*. She never felt that popular plays of this kind needed acting of less than the very highest quality.

An expressively emotional actress, the feeling had grown over the later years of her life that her unique talent had been seriously underestimated. Her stage career began in 1928, when she appeared in Huddersfield in Shaw's *Major Barbara*. She was very much an actors' actor, blessed with an effortless technique and wonderfully eloquent, watery eyes.

Television made telling capital of this later quality when she was reunited with her *Brief Encounter* co-star, Trevor Howard, in *Staying On*, an adaptation of Paul Scott's British Raj novel shown the Christmas before last. She gave another unrivalled television performance recently in Graham Greene's *The Potting Shed*, playing opposite Paul Scofield.

She was awarded the CBE in 1958 but became a Dame only last year. Her husband Peter Fleming, the author and explorer, died in 1972. They had three children, one of whom, Lucy Fleming, is an actress.

B. A. YOUNG

Teatro dell' Opera, Rome

Malipiero revival

by WILLIAM WEAVER

One of the most famous events in the history of the Teatro dell' Opera is the Italian premiere of Gian Francesco Malipiero's *La favalo del figlio cambiato* on March 24 1934. It was to have been a gala event: the libretto by Luigi Pirandello, then at the peak of his fame, guaranteed an intellectual interest. Two successful productions of the opera in Germany shortly before the Roman debut, seemed reassuring as far as the musical outcome was concerned. And the political loyalty of both the composer and the librettist ought to have meant official protection. And yet, though Mussolini was present at the opening, with several leading party figures, the performance was a fiasco. Only the firm persuasion of the secret police, abundantly present in civilian clothes, quelled the demonstration and allowed some of the public to applaud at the end.

A number of spectators applauded *because they* thought the opera had Mussolini's support. They were wrong, and the idea made the dictator so angry *that he* banned any further performances. Meeting Malipiero a short time later, he said to him: "*You have set the* libretto of a cretin." When Pirandello won the Nobel Prize the following November, Mussolini —at least in public—was more appreciative. But the opera was not restored to favour.

So for decades *La favola del figlio cambiato* and its tempestuous Roman première have remained a legend, and music historians have suggested that *this was an* unjustly neglected masterpiece. It was logical then for the Teatro dell' Opera to present it this year, the *centenary of Malipiero's birth* (and the presentation was all the easier since a production existed, all ready, created in *Palermo in 1980*). *This revival* is also timely, since Italy is in the midst of a big debate about Italian culture in the 1930s, *sparked by the mammoth*, polemical "Anni Trenta" exhibition which has huge crowds in Milan.

I hate to agree with Mussolini about anything, but if Pirandello's libretto is not quite cretinous, it carries its wilful simplicity, at times, to the point of simple-mindedness. In calling the story "a fable," the dramatist obviously meant to give the simple tale a universal significance; but the poverty of the language somehow robs the *favola* of that mystery and wonder present in the Pirandello masterpieces.

Malipiero, at best an intimate, delicate composer, set the text with such respect, allowing almost every word to be clearly articulated and understood, that the music attracts scant attention, seldom holds the ear. He is at his best in the several orchestral interludes, but in the end the piece makes a slight impression, and one wonders what, after all, the 1934 audience made such a fuss about.

The production currently at the Teatro dell'Opera was designed by Agostino Pace and staged by Virginio Puecher. Though handsome, the staging is perversely against the spirit of the work. Stripping away any fairy-tale atmosphere, and denying the Mediterranean warmth that is essential (especially in the last act), producer and designer have created a cold, Nordic atmosphere. Except for the central figure—*the* mother of the title's changeling son—the characters are turned into grotesques, like something out of a Brechtian cabaret (there is *even the inescapable* Brechtian half-curtain at one point). The radiant prince of the dénouement is an effete Riviera play*boy with* a Gloria Swanson cigarette-holder.

Musically, the performance was on a high level. Gianandrea Gavazzeni, always at his best when defending lost causes, conducted with total conviction and got some crisp and sensitive playing from the Rome orchestra (the brass, which are important in the score, merit a special word of praise).

As the mother, Radmila Bakocevic looked perhaps too lady-like for a Sicilian peasant woman; but she sang with passion and was responsible for the only moving moments of the evening. The many other roles, though musically undistinguished, were all capably handled: and the tenor Ezio Di Cesare did his best to make the Prince attractive.

There are indications of a movement aiming to revive interest in the "generazione dell'Ottanta," the group of composers born in the 1880s, headed by Malipiero and Pizzetti. They were, for the most part, men of culture and taste, of wide-ranging musical interests, and considerably less provincial than the preceding, post-verismo generation of Giordano and Cilea. But, with a few exceptions, their stage works have not proved effective: and the occasional opportunities to hear a Malipiero opera do not suggest that any of them will firmly enter the repertory.

House of Fraser to sponsor Edinburgh

House of Faser, the third largest company in Scotland, is to sponsor this year's Edinburgh Festival to the tune of £30,000. Announcing the sponsorship yesterday, Professor Roland Smith, chairman of the House of Fraser, admitted that this was a small sum for a company whose capital investment programme this year amounts to £60m.

But the sponsorship has rescued this year's Festival, after director John Drummond had lost two major sponsors last week just as he released details of the programme. At one step, and somewhat suddenly, House of Fraser has become the Festival's biggest sponsor. Their contribution will support two of the most prestigious events: the opening concert, on August 22, a performance of Verdi's *Requiem* conducted by Claudio Abbado; and Peter Ustinov's production of *The Marriage*, based on plans Mussorgsky had for an opera inspired by Gogol.

The total sponsorship of the Festival adds up to £120,000 compared with the figure of £35,000 when John Drummond took over four years ago. There is, of course, other local support, and the Arts Council gives £390,000. The biggest source of income, however, remains the box office, and it is expected to yield a figure similar to last year's £700,000. This year's Festival has 11 main sponsors, as well as hundreds of individual donors who last year raised a total of £76,000.

The Verdi *Requiem* is to be broadcast live on BBC TV, and Mr Drummond said that Humphrey Burton, the TV producer, was even now engaged on measuring camera angles to flatter the sponsors while remaining within the code laid down for such matters. He welcomed the participation of House of Fraser and emphasised his dislike of those within the arts who remain queasy about commercial sponsorship.

Professor Smith said that the sponsorship was part of a determination by the House of Fraser to re-enter the mainstream of Scottish life. As the Edinburgh Festival was the Harrods of European culture, his company's association with it was to be expected. House of Fraser, he said, was anxious to have "the right visibility" in Scotland.

M.C.

St. John's, Smith Square—Radio 3

London Sinfonietta

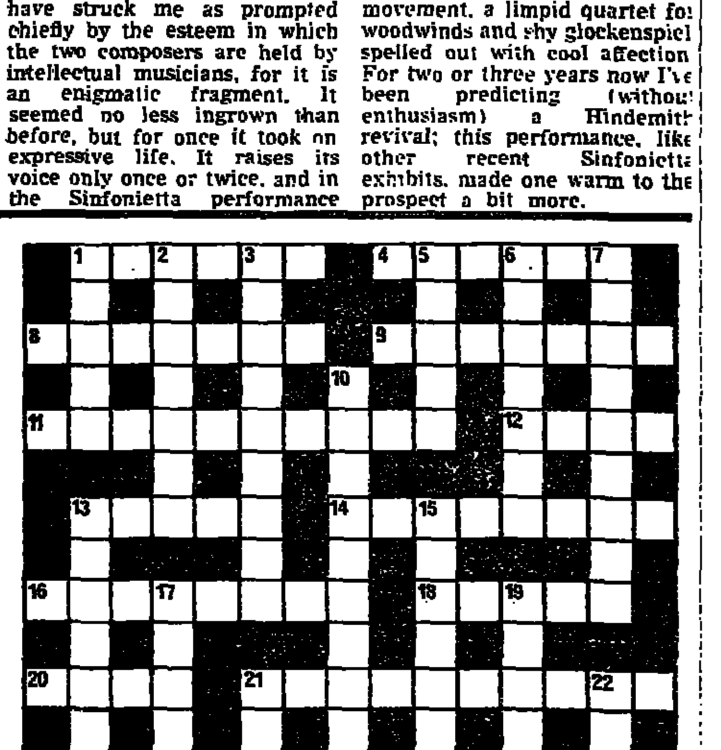
by DAVID MURRAY

The BBC Lunchtime Concerts do not often run to ensembles the size of the London Sinfonietta, who appeared yesterday. In fact their numbers decreased steadily from their opening Hindsmith through Schoenberg's 9-*instrument* arrangement of Busoni's "Berceuse élégiaque" to the Suite from Stravinsky's *Soldier's Tale*, which needs just seven players. But there was no diminution of energy: the *Soldier's Tale* has long been a Sinfonietta party-piece, and as always they went at it with exhilarating verve. It is a vintage reading, hardly to be equalled for precision, character and delicacy. On Radio 3 the balance sounded impeccable.

The Busoni-Schoenberg study isn't new to their repertoire either, though this time it seemed to breathe a new tenderness, with inner string parts freshly telling. Previous revivals of this grave Berceuse have struck me as prompted chiefly by the esteem in which the two composers are held by intellectual musicians, for it is an enigmatic fragment. It seemed no less ingrown than *before*, but for once it took on expressive life. It raises its voice only once or twice, and in the Sinfonietta performance those moments were beautifully judged—sharp enough to pierce but very gently.

Hindemith's Kammermusik No. 1, composed in 1921, is one of those pungent, high-spirited early works that raise all the old worries about the composer's later years of academic retrenchment. How could the artful craftsman who wrote the *Kammermusik* series take responsibility for the sonorously sticky textures of his postwar music? Conducted by David Atherton, the Sinfonietta account of No. 1 was all glitter and edge (Stravinsky's Shrovetide fair recalled in the first movement, driving *concertante* violin in the second, a rumbling foxtrot Finale with jeering percussion) but for the third movement, a limpid quartet for woodwinds and shy glockenspiel spelled out with cool affection. For two or three years now I've been predicting (without enthusiasm) a Hindemith revival; this performance, like other recent Sinfonietta exhibits, made one warm to the prospect a bit more.

F.T. CROSSWORD PUZZLE No. 4,857



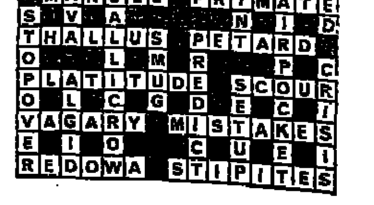
ACROSS

1 Class get by in Lancs (6)
4 Frolic with a doctor in prison (6)
8 The Moor for battle (7)
9 Switchboard vocation (7)
11 Agent cried about the scale (10)
12 Wrong returns at a fast pace (4)
13 It is a remarkable thing when a dandy comes to tea (5)
14 We see a gent upset about Ireland on his way in (8)
16 "Letting 'I dare not'—'I would'" (Macbeth) (4, 4)
18 Furious artist made an offer (5)
20 Refuse container, captain (4)
21 You must be mad to have it —tighten up (5, 5)
23 New Hampshire agreement (7)
24 Dance to be performed sedately, the Duke said (7)
25 It's a gift for nearly everyone under canvas (6)
26 Put on by those in a hurry (6)

DOWN

1 Report about 50 in love (5)
2 Hieroglyphic keystone (7)
3 Educated like Jonah (7, 2)
5 "Like the poor cat i' the—" (Macbeth) (5)
6 Support in Beds (7)
7 Country of yes-men? (4, 2, 3)
10 The spectacle of a gay parent (9)
13 Wanting in the flight and loses consciousness (6, 3)
15 Reversion concerned with too small fish (5-4)
17 Local type in rising parcel of land (7)
19 A feast may mean a wheel change (4-3)
21 Ulysses was bound to resist her (5)
22 Pass—that is sufficient (5)

Solution to Puzzle No. 4,856



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Diplomacy to the last

THE GIST of the Prime Minister's statement to the House of Commons yesterday was that while the Government still desperately wants a negotiated settlement of the Falklands dispute, time is running out. Mrs Thatcher stressed several times that now the bulk of the fleet has arrived it cannot lie around indefinitely in the inhospitable conditions of the South Atlantic. The strong impression was left that she was talking about days rather than weeks.

At the same time, it appears that the Government's last hope of a peaceful solution rests on the American attempt at mediation, possibly coupled with the United States joining in the economic sanctions on Argentina. If that fails, the use of force will be imminent.

Definition

We differ from Mrs Thatcher in two respects. The first concerns the lack of definition of war aims and the second concerns the Government's reluctance to consider other negotiating channels if the mission of Mr Alexander Haig, the U.S. Secretary of State, comes to nothing.

As we suggested yesterday, an attempt to retake the Falkland Islands militarily would be quite different from the recapture of the virtually undefended and almost uninhabited South Georgia. It would almost certainly involve loss of lives and not only among the armed forces of both sides. It would also probably involve some sort of pre-emptive attack on the mainland, if only to put the Argentinian air force out of action. In short, there would be a war, and the outcome of wars is nearly always unpredictable. In our view, the Government has not yet made the case for that war being worth fighting at this stage, the more so since it has failed to say what it would wish to happen next if the military campaign were successful. The consequences of it being unsuccessful scarcely need mentioning.

UN Charter

It may be that in the end some fighting will be necessary. We should be prepared to approve of that, however, only if the last possibilities of a peaceful settlement have been demonstrably exhausted. That would require more than the breakdown of Mr Haig's diplomacy.

It remains to us surprising, for instance, that the Government has still not formally offered to refer the dispute to the International Court of Justice, described in Article 92 of the United Nations Charter as "the principal judicial organ of the UN." As Mrs Thatcher said yesterday, both parties to the dispute would have to agree to that procedure. Argentina might refuse. But it is still an offer that must be made.

The UN offers one other possible way out which is not necessarily incompatible with going to the ICJ. Articles 75-91 of the Charter are concerned with international trusteeship, partly a legacy from the old League of Nations. They are not nowadays much referred to, but the machinery for invoking them still exists. There is a Trusteeship Council which can be called at any time. It could probably meet in New York tomorrow if Britain wished.

Article 77c specifically refers to trusteeship being applicable to "territories voluntarily placed under the system by states responsible for their administration." One of the stated purposes is simply "to further international peace and security."

Opposition

Again, it is possible that Argentina might not agree, though in this case there is no legal let-out. If the Falklands did become a UN trusteeship and Argentina opposed, the country would be taking on the whole UN. It seems to us that somewhere among these articles a peaceful solution might still be found, and one that need not necessarily be unfavourable to Argentina in the longer term. There might, for instance, be international development of Falklands resources with Argentinian participation.

The mood of the House of Commons yesterday suggested that Opposition support for the Government's approach may not hold much longer. There were also some stirrings on the Tory benches. We believe that it will not deserve to hold unless the Government tries these diplomatic possibilities.

The training opportunity

IMPORTANT decisions will soon be taken by the British Government about the training of the nation's youth. It is the latest in a long line of attempts to improve a system which remains, in the words of a 1980 report by the Central Policy Review Staff, rigid, conservative and slow to respond to new industrial requirements. The fact that the new move coincides with, and is partly prompted by, a period of very high youth unemployment should ensure a strong political commitment to the programme.

Weakness

The Government's plans for a new training initiative were put forward last December: they have since been amended by a Manpower Services Commission task group, whose report comes before the full Commission today. The central feature is a Youth Training Scheme (YTS), starting in September, 1983, which would replace the existing Youth Opportunities Programme (YOP) and which, as envisaged by the Government, would provide a year's training for unemployed 16- and 17-year-olds who do not go on to further education. The MSC task force wants to extend the scheme to young people in work as well as the unemployed; the former would undergo training on a part-time basis. Each trainee would receive an allowance from the state—£15 per week as proposed by the Government, £25 per week likely to be suggested by the MSC.

One aim of the scheme is to take young people off the unemployment register—a desirable objective in itself, but of limited value if the effect is only to postpone unemployment for a year. In theory the year's training should improve the young person's employment prospects, but a weakness of the scheme is the lack of an employment relationship between the trainee and the organisation giving the training. Trainees will be to some extent be "parked" by the MSC with organisations willing to take them; there will be little incentive to offer permanent jobs.

The unemployment-reducing element might more usefully be provided by extending and simplifying the Young Workers Scheme (YWS), which gives a subsidy to employers for each employee under 18 whose gross earnings are below £45 per week. A training element could be added by tying the subsidy to an approved programme of off-the-job training, but this would imply a development of the YWS to do things for which it was not designed.

Whether the YWS is the right instrument for this purpose or not, some means needs to be found for altering the pay relationship between trainees, including apprentices, and adult skilled workers. As a recent NIESR study has pointed out, pay levels for apprentices in the UK, as a percentage of adult pay, are two or three times that of Germany or Switzerland. This distortion in the wage structure discourages employers from taking on apprentices whose skills are easily transferable to other companies. It is one of the main reasons why Germany and Switzerland over 50 per cent of school leavers enter apprenticeships compared with only 14 per cent in the UK.

The wage level for most apprentices is, of course, fixed through collective bargaining. It is part of a pattern of long-established practices and attitudes which bedevil the British training system. Another weakness is that apprenticeships cover too few occupations and are designed too narrowly, creating barriers both between different skilled trades and between skilled and semi-skilled jobs. In Germany both apprentices and semi-apprentices are exposed to a wide variety of jobs within the factory. They are more factory-orientated than job-orientated and, partly for this reason, the boundary between, say, production and maintenance work is much less rigid than in the UK. This greater flexibility makes it easier to adapt to changes in technology and work methods.

Incentive

The present pattern of training, linked as it is to the craft traditions of trade unions, will not be reformed overnight. But the new arrangements must, among other things, contain incentives for employers to offer training of appropriate quality and for unions to co-operate in a more flexible use of skilled manpower. While many of the changes will have to be negotiated at national or local level between employers and trade unions, the Government, directly or through the MSC, must be prepared, as the CPRS report put it, to give a strong "steer" to the system. The barriers of tradition and conservatism will not fall away without a determined push.

BIRMINGHAM'S LOCAL ELECTIONS

A big hurdle for the Alliance

By Peter Riddell, Political Editor

THE local government elections in Birmingham on May 6 would have been one of the most fascinating tests of the British political mood even without the Falklands crisis.

In the event, the crisis has added a further, and possibly crucial, twist of unpredictability to the outcome.

The results in Birmingham will be significant partly because of the inherent importance of the city; the metropolitan district council's expenditure in 1982-83 will be nearly £500m.

More important, the city, and the region which surrounds it, have also in the past been political bellweathers, deciding the fate of governments. The Conservatives won three parliamentary seats in the city in the 1979 election and roughly half Mrs Thatcher's majority in the Commons comes from the West Midlands.

Birmingham presents a particularly intriguing test for the Social Democratic/Liberal Alliance which, as in the rest of Britain, is making its first full-scale electoral challenge. The Alliance has to do well in the city and in the West Midlands as a whole if it is to rival the Tories and Labour in the next Parliament.

The dilemma for the Alliance in the city was summed up by Mrs Shirley Williams, one of the SDP's four leaders, when she noted last month that "the people of Birmingham have not had to suffer from the kind of Labour extremism that people in places like Sandwell and Walsall (with well-publicised closed shop disputes) have faced."

Birmingham has been Labour controlled for the past two years — currently with 64 seats, against 51 for the Conservatives, six Social Democrats (all defectors from Labour) and five Liberals. It is the only one of the metropolitan big city authorities to contain its spending during the coming financial year within the Government's targets.

Local decisions 82

Birmingham is also unusual because the rise of the far-left *has so far been held in check*: the traditional Labour Party remains in control, in contrast to other big cities such as Manchester, Liverpool and large parts of London.

None of the city's seven Labour MPs voted for Mr Tony Benn in last year's deputy leadership contest and only three of their constituency parties did.

There is, nevertheless, a strong Left-wing presence. The left is reckoned to control, or to have a big say, in three or four of the city's dozen constituencies. The Militant Tendency is not more than an irritant, though the "Bennite" Labour Co-ordinating Committee is more active. Mr Albert Bore, a prominent supporter of the LCC, was selected in place of Mr John Sever, the sitting MP, in Ladywood. But local activists believe this decision reflected personality differences and the involvement of various Asian groups as well as the left/right balance.

The explanation for the continued dominance of the centre-right within Labour is partly organisational. Unlike other cities, the right still seems to be able to get its supporters out to crucial meetings, as shown by the selection of many of its candidates in inner city wards which are apparently safe for Labour.

These trends may also be traced to a tradition of party cohesiveness and pride in the city going back to Joseph Chamberlain, one of the most adept early operators of the wider franchise. And the "moderates" cause has been helped by the present of Roy Hattersley and Denis Howell among the cities' MPs.

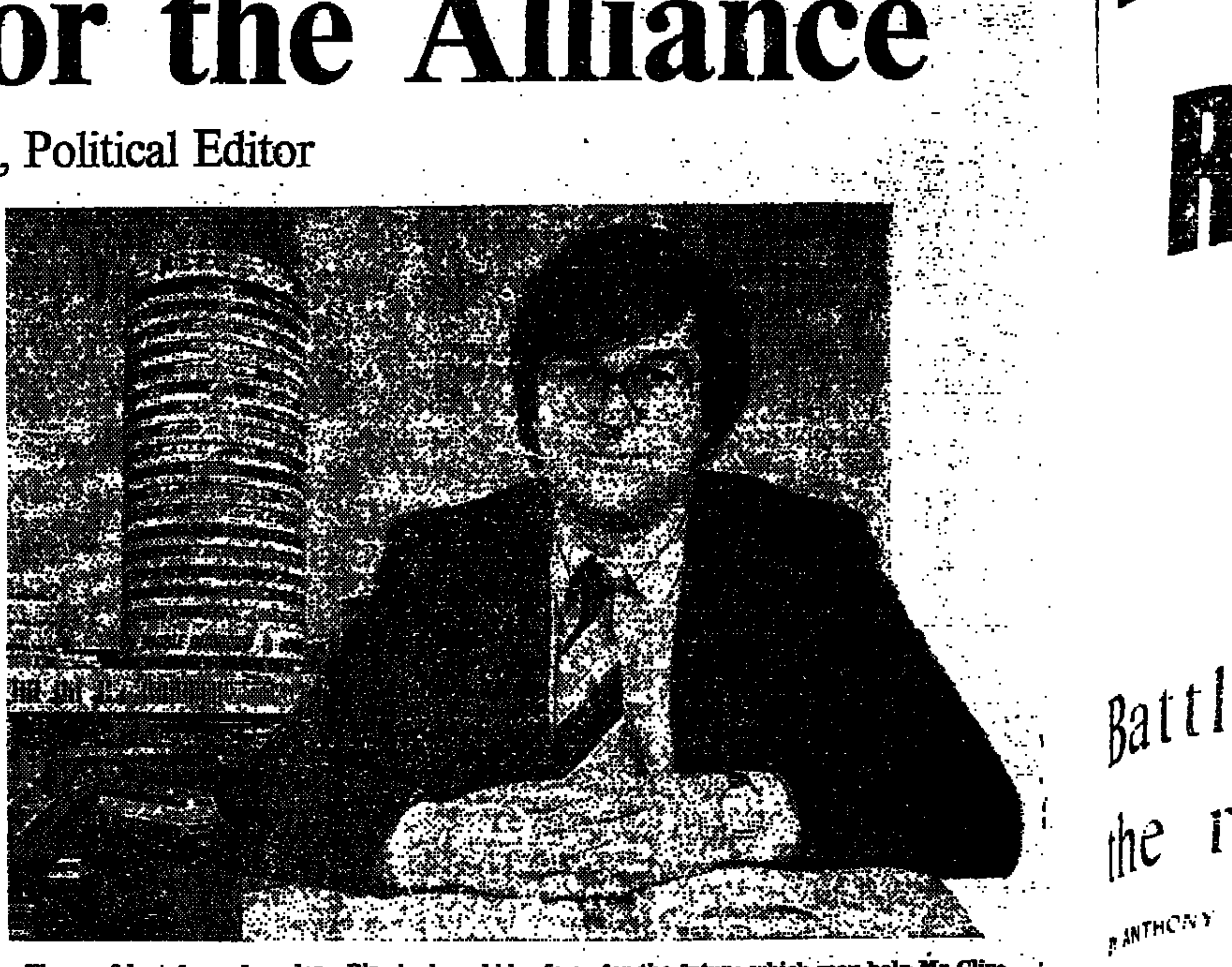
The key figure in the city's politics is Mr Clive Wilkinson, 43, the Labour leader on the council and one of the most widely respected local government figures in Britain. He is clearly on the right, favouring the expulsion of Militant and similar Marxist groups and a return of the Labour Party's proscribed list, banning certain organisations.

He was one of the original signatories of the Limehouse declaration of January 1981 which led to the formation of the SDP. But, despite considerable agonising, he has not left Labour, largely, it appears, because of local support and pressure to say on and fight.

Clive Wilkinson is more outspokenly right-wing than many others in the city—and has had differences with Roy Hattersley in the past. Yet he retains his position partly through sheer competence. He is respected by left-wingers as a top-quality leader and defeated a challenger by a margin of 3-to-1. In other cities the traditional Labour centre-right leadership has often been of poor quality.

This "moderate" face of Labour rule has made life more difficult for the Alliance which is contesting all 117 seats (the whole council is up for election after boundary changes reducing the number of wards).

The Liberals have always had a foothold in the inner city but Dr Charles Gray, a former Labour chairman of the education committee, and his group of six only left Labour towards the end of last year. They argue that the Wilkinson leadership is not typical of Labour in Birmingham and that there is a movement leftwards as in the Midlands towns to the west. And they claim there is disillusion among voters with the two main parties.



The confident face of modern Birmingham hides fears for the future which may help Mr Clive Wilkinson, the Labour leader (right), in the forthcoming elections

The problem for the Alliance is whether it has had sufficient time to achieve a sufficiently prominent public profile and to make the impact which has been the key to its election successes elsewhere. Dr Gray concedes that he would have liked another year when the party could have done a great deal to build up its presence.

There is also the question of whether there is a large enough core of experienced activists from other parties, as in the inner London boroughs, to run a plausible campaign. The suspicion is that both the quality of candidates and the election effort may be patchy.

The danger for the Alliance is that it may come second in most wards and the gap between that and winning could be small.

The outcome could depend on how well the Conservative vote holds up in suburbs such as Edgbaston. The Tories privately concede that their overall chances are likely to be hit by high local unemployment and the shocks to the traditional industries of the Midlands in the recession, as discussed in the accompanying article.

But Mr Neville Bosworth, the Tory leader on the council, believes chances may be helped by a row over comprehensive education, single-sex schools and sixth-form colleges and by Labour delays over the sale of council houses—less than a tenth of those having a "right to buy" their homes have completed purchase.

The Falklands crisis has, according to candidates of all parties, hardly been mentioned on the doorsteps, though canvassing tends to be a brief "for" or "against." This assessment is shared by SDP and Liberal leaders. As it is, the betting is that Labour will remain the largest single group on the council with the Alliance a smaller presence, possibly holding the balance of power.

The opinion polls suggest that Conservative support nationally has risen during the Falklands crisis—and it could have been boosted by the South Georgia invasion with support for the Alliance being squeezed. But the public mood appears volatile and events in the South Atlantic could determine what happens to housing and education in a landlocked city 8,000 miles away—an ironic legacy for the city of that greatest of all imperialists, Joseph Chamberlain.

'Anxious for a quiet life and to protect their jobs'

BIRMINGHAM OUGHT to be ripe for the politics of protest. The motor car city has suffered disproportionately from recession. Male unemployment has nearly trebled in just two years to 20 per cent. Factories stand empty and there is an almost desperate drive to attract new industry to halt the rapid rundown of the industrial base.

But the mood in the local elections is surprisingly one of apathy. There is hardly a street in the city without workers either unemployed or on short time. But the setbacks are taken philosophically.

"Workers in the factories have had the stuffing knocked out of them," according to one union official. "The union movement is in disarray, and workers are just anxious for a quiet life and to protect what jobs they have."

The trade unions in the city have suffered a series of reverses at the hands of Sir Michael Edwardes, the BL chairman. He has overturned the powerful shop steward movement at the giant Longbridge plant, where employment has been almost halved over the past four years. But there is no sign of workers switching their attention to the political arena to make their voices heard.

An important concern for the Labour Party is that the apparent apathy could push the turnout below the normal level of around 35 per cent for local elections. Canvassers from all parties report confusion among the electorate caused both by the two tiers of local government and the much-publicised emergence of the SDP. But both the Labour and Conservative parties maintain that there is no indication that the Birmingham people will switch from their traditional allegiances.

Business leaders meanwhile are reluctant to declare it too publicly but there is widespread disillusion—in some cases despair—at the Government's attitude to industry. There is increasing scepticism about Whitehall and Westminster talk of an upturn in the economy.

Mr Chris Walliker, chairman of the West Midlands region of the Confederation of British Industry, says the latest state of trade survey makes "gloomy reading."

Demand is patchy and low. Profit margins are tight, especially on exports. Any improvement is due to cost cutting, not rising orders. Company liquidity is still under strain, particularly for medium-sized companies. One in four companies is forecasting further redundancies over the next three months.

The city was the first to sound the alarm two years ago that the Government's tight monetary policies might have a disproportionate impact upon manufacturing. Mr Reg Parkes, president of the West Midlands Engineering Employers, argues, in common with many other Birmingham industrialists, that the Government strategy might be correct but is being applied too ruthlessly. "The medicine might be right but that does not mean you swallow the whole bottle in one gulp."

"It is very easy to get euphoric when you are flat on your back and someone raises you to your knees," says Mr David Probert, chief executive of W. Canning, a long-established Birmingham company with interests in electronics, chemicals and metals.

"This Government has failed completely to understand the collapse taking place in capital investment. They have gone overboard to promote the tiny companies but done nothing to help the plight of the medium-sized employers saddled with rising costs imposed by the public sector."

Mr Probert claims to have voted for all three of the main political parties. He says the demand from businessmen is for politicians who understand their problems and will avoid extreme policies.

One example of a man who has resigned from the Conservative Party to join the SDP is Mr Alan Carter, chairman of Hi-ton, a privately-owned engineering company with 160 employees and a £2.5m turnover. As a supplier to the automotive industry he had to cut his labour force by 25 per cent.

He complains the Government which he helped to elect has neither created a good business environment nor stood firm against wage rises and costs in the public sector.

"The Tory Party is outmoded. I hate to say it but Socialist governments have been better for industry. Many industrialists are turning in the hope of sane policies to the SDP. This country does not want or need extremists like Margaret Thatcher and Tony Benn."

Arthur Smith
Midlands Corres.

Men & Matters

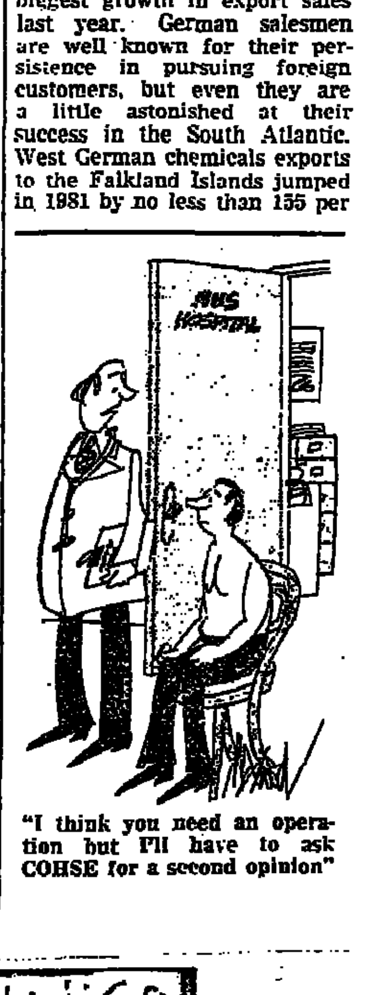
Germany's trade marks

Passionate denunciations of protectionism and embargoes are the stock-in-trade of German chemicals companies, who are among the world's biggest exporters. But when Herbert Grunewald, the usually jovial chairman of Bayer, and president of the country's chemicals industry association, launched the latest defence of free trade at the Hanover Industrial fair, a new and unexpected name had been added to his list of world trouble spots: the Falkland Islands.

And for good reason. Hardly believing its computer the German chemicals industry has discovered that this is the market where it achieved the biggest growth in export sales last year. German salesmen are well known for their persistence in pursuing foreign customers, but even they are a little astonished at their success in the South Atlantic. West German chemicals exports to the Falkland Islands jumped in 1981 by no less than 155 per cent.

The volumes are not yet so big—DM 46,000 in 1981 compared with DM 18,000 in 1980—but it is the growth rate that looks impressive on the graph paper.

The Falkland islanders it seems are particularly keen on German photo-chemicals and pharmaceuticals (it is not clear whether tranquiliser stocks were being built up on the basis of advanced knowledge) and they also imported DM 5,000 worth of plastics. Even with a company named Imperial Chemical Industries it appears that British industry if not the Government, could be relinquishing its grip on yet another colonial market.



"I think you need an operation but I'll have to ask COHSE for a second opinion"

Whose move?

"In the grocery trade, we play squash not bowls," says David Linnell, illustrating what it takes to stay on the ball in that industry. Which makes his own exclusion from the thick of the retailing action since he quit as managing director of the Linfood group last year, the more frustrating.

A member of the Northamptonshire family which founded the Linfood business, Linnell agreed in parting to stay on the sidelines for two years. But he will be back in the trade in which he has spent his life just as soon as the deadline expires.

He has kept in shape as chairman of the Eggs Authority, and by joining a number of private business ventures; and in close touch with the industry's developments as president of the Institute of Grocery Distribution.

While some of his old colleagues were launching AFD Holding—a £12m management buy-out from Linfood—yesterday, Linnell was drafting his opening speech for the IGD convention in London today, under the pertinent title: "Whose Move?"

The trade, says Linnell, has reached a high level of uniformity. After self-service, hypermarkets, cash and carry and voluntary group trading, it is now poised for a new leap forward.

Enough time has been spent retrenching, he tells me. "We now have to start spending to create the industry of the future."

By request

What is going on at House of Fraser? Two days before its annual results are to be declared, the group announces that it is sponsoring a performance of a sombre religious piece—Verdi's Requiem no less — at this year's Edinburgh Festival.

Now I know things have been tough, what with Lonrho snapping at its heels, and the sales in January being hit by the strikes on Southern Region. But a requiem?

Professor Roland Smith, group chairman, seemed rather jaunty when broached on the subject. "We are anxious to have the right visibility in Scotland," he tells me. This is why House of Fraser stepped in at the last minute with £30,000 when two other sponsors dropped out of the Festival.

"Some of our board members are quite cultural and cultured," says the professor. Did he include the Lonrho representatives on the board? "About five executive directors who were available approved the spending on the festival," he adds, without specifying whether they included the two Lonrho representatives.

The sponsorship is not limited to a requiem. As Lonrho waits in the wings attempting to take over the stores group, Fraser is also sponsoring a Peter Ustinov play called . . . "The Marriage."

Scuppered

The 420 islanders who cling to the rocky outpost of Sark in defiance of Channel gales are miffed with Sir Geoffrey Howe. They believe their tiny piece of the British Isles—it is not part of the United Kingdom they remind me with a sturdy independence—deserves better treatment than it was accorded in the Chancellor's recent Budget.

The truth is that Sark, a thriving offshore financial centre these days, has itself fallen victim to one of the tax avoidance measures introduced by the Chancellor last month.

The tax haven status enjoyed by the Channel Islands under British law has provided both ups and downs for the islanders over the years. But the good people of Sark thought they had spotted a wheeze to replace their 40-year-old steamer Ile de Serk which provides the island's main link with Guernsey.

They planned to order a custom-built passenger and cargo ship costing nearly £900,000, and to reduce the cost of the loan by taking advantage of the tax concessions available to British banks lending overseas.

Before the agreement could be signed with a bank, however, the Chancellor knocked it on the head by announcing steps to stop overseas lending "at abnormally low interest rates at the expense of the UK taxpayer."

The Sark shipping company found it would have to repay about £15,000 a year more than it had bargained for. So Ile de Serk will sail for a little longer while the islanders shop around for a second-hand cargo boat.

Sportsman

Heard in a Leeds hotel bar: "I find golf an absolute godsend. Any time I have a row with the wife, I can go to my club."—"That's civilisation for you, old boy. Your ancestors would just have reached for it."

Observer

FINANCIAL TIMES SURVEY

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Regional Development

The regions still have a concentration of declining industries and are struggling against a background of world recession. The returns to the country could well be greater from spending more on retraining people in new skills rather than from backing job-creating projects.

Swindon's Brunel Centre, named after the railway pioneer, is one of many city-centre schemes which have been a feature of regional development

Battling against the recession

BY ANTHONY MORETON, Regional Affairs Editor

BY AUGUST the review of *regional assistance* which Sir Keith Joseph put in hand when the Conservatives came to power in the summer of 1979 will have been completed. That review was based on the principle of concentrating assistance where it was most needed and has, necessarily, been a drawn-out process. Companies still remember, and feel great resentment about, the abrupt ending of regional *employment premium* by the then Chancellor of the Exchequer at Christmas 1977.

As a result of Sir Keith's steps the rate of grant towards new buildings, plant and machinery in the special development areas was left at 22 per cent but their value was enhanced by a reduction in the level of grants available to the development areas from 20 to 15 per cent and in the number of development areas.

The third arm of the policy, severely cutting back the number of intermediate areas, is the one that remains to be implemented. By August this Government will have succeeded in its aim of rolling back the map of regional Britain though Sir Keith is no longer at the Department of Industry to see the completion of his work.

The review instigated by Sir Keith — now Britain's Health Secretary — took place against a background of increasing concern from academics interested in regional affairs. It also took place, although he was not to foresee this, against a background of deepening world recession in which unemployment in Britain more than doubled from 5.3 per cent that summer to 11.8 per cent now.

In the 1960s it was thought that regional policies could go a long way towards offsetting the structural problems affecting the assisted areas. The Hunt Committee, for instance, which looked at the intermediate areas, talked at one point about "breaking the back" of the regional problem and hoped that by the mid-1970s "the major problems in many parts of the development areas will have been largely overcome, at least so far as unemployment is concerned."

No one would make that forecast today. Apart from the realisation that the present recession is structural rather than cyclical in nature, and therefore likely to be more acutely felt in the regions, it has been accepted that the rate of unemployment in the regions has remained consistently above that at the centre. The regional problem has come, especially over the past five or so years, to be seen as a long-term issue.

This is the reverse of what the Hunt Committee forecast as recently as 1969. Hunt believed that by attracting new industries into the regions the level of unemployment would be considerably eased. But all that happened was that branch firms arrived in large numbers and when the first winds of recession came after the 1973 oil crisis these were the first to be closed, leaving the assisted areas no more economically advanced.

Considerable criticism also surrounded the policy of that time by giving large grants to capital-intensive projects which provide few jobs in relation to the amount spent. It was claimed that laying out £300m on a petrochemical complex that might create 300 jobs was an unwise allocation of scarce resources.

Costly

It may be that the critics while rightly attacking the branch factory syndrome have got it wrong in seeking to associate the putting up of capital-intensive works with this criticism. While petrochemical projects, such as those in Teesside or Grangemouth, have been costly they have at least provided permanent jobs and considerable spin-off.

Expensive projects stand more chance of remaining, and remaining open, than cheap ones. It is simply too costly in most circumstances to uproot a £300m catalytic cracker and rebuild it somewhere else whereas it is very easy to close a £1m trouser plant and absorb its resources in another plant in another part of the country. Therefore the crackers may, indeed almost certainly have, brought long-term prosperity to the areas in which they have been built.

Such projects also tend to reduce the imbalance between the periphery and the centre. This imbalance is not merely a British problem: the whole of the EEC has seen the centre grow at the expense of the periphery and this widening of the gap is likely to be accentuated with the growth of newer, technology-based industries.

The regions still tend to have an above average concentration of industries structurally in decline, such as steel, coal, shipbuilding, textiles and some heavy engineering. The newer industries, based on electronics, are seeking bases around the centre.

In Britain, for instance, one of the most important areas of development in the last three or four years has been along a line drawn either side of the M4 motorway between London Airport and Bristol.

This area is one totally without regional assistance (other than such selective assistance that the Government might think fit to offer) and yet it has attracted a very large number of high-technology companies. They have gone there partly because they can tap the supply of high skills which are either available or willing to move to the area.

This might give a clue to the sort of regional policy that could play an important role in future. In a rapidly changing economy, with the emphasis increasingly on high technology and the associated skills, what new companies look for is a supply of skilled labour.

One of the problems of the assisted areas is that the skills they offer are no longer required or are required in smaller amounts than previously. Britain no longer needs ships' welders, miners, and some other trades as much as it did.

If some of the money which presently goes into regional assistance were to be diverted to retraining men and women into the new skills the return to the country could be greater than from backing projects on the basis of the number of jobs they create in manufacturing industry.

Admittedly, a lot of effort is being put into this field. The Manpower Services Commission has about 100 Skillcentres around the country which offer retraining in some 80 trades. They do a good job, but they are only scratching at the surface. An average-sized centre turns out about 400 "graduates" a year in courses lasting up to 26 weeks, which is simply not enough.

It is sometimes argued that a man who has spent a lifetime in one job, such as mining, is not good material for a switch late in life to another.

A worker with skills which are no longer needed because of changes in the industrial structure is quite capable of being retrained in other disciplines and consequently able to contribute to the economy in a different way. More than one company has discovered this as the Skillcentres can vouch for from the letters they receive from employers.

There could be one other way of attracting new industries—through creating development agencies for parts of England, especially the North West and the North East.

The role of both the Scottish and Welsh Development Agencies in attracting new investment, especially from abroad, in their respective countries has perhaps been undervalued by many people. But there is little doubt that the heavy concentration of high-technology industries, especially from America, which have arrived in Scotland and the large number of Japanese concerns in Wales have been in the main due to the part played by the development bodies.

Principle

Yet both Conservative and Labour governments have set their face adamantly against extending the principle to England. Indeed, there are some within this Government who would like to see the reverse step taken and the two agencies wound up.

Government ought at the same time to rid itself of its obsession with concentrating assistance on manufacturing industry. There are parts of the services sector, for instance, which should be assisted if they can be shown to be able to contribute to the economic wellbeing of an area. None falls into this category more easily than tourism.

At the moment tourist projects, such as the building of hotels, only qualify for assistance if they take place in a designated assisted area. Yet the main areas of tourist growth potential are outside the assisted areas. There may be a case for stimulating tourist growth in places such as Newcastle or Glasgow but it is far more important to get the holidaymakers to places like Cambridge, Ely or York.

Introducing more flexibility into the system of regional assistance is not, though, going to cure the fundamental problem in the short term. What has to be recognised is that the core of the regional "problem" is the same today as it was when the first effort was made in the mid-thirties to do something about the depressed areas. It is a long-term problem and needs patient and continuous application of thought and support.

The assisted areas need a generous supply of new firms, small or large, which will become winners. It should be the aim of government to ensure that not all the potential winners follow their noses—or market dictates—and cluster around themselves in one rather nice, rich part of the country.

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Policymakers worried at London's decline

THE LONDON unemployment figures displayed prominently on the roof of County Hall, headquarters of the Greater London Council, are designed partly for the eyes of Whitehall, across the Thames. The display is an attempt to impress upon central government the need for a proper regional development policy for the capital, which has seen its industrial base decline and its population drift away.

The emphasis on regional policy after the 1939-45 war was dispersal, from London to the New Towns and to the expanding towns. Controls on London's office building and the development grants given to employers setting up in areas such as South Wales or the North East *were not available to employers* in London and the population drain, not unexpectedly, contained a higher proportion of *skilled young people.* The population of Greater London at 6.7m in 1981 is at its lowest level this century.

London's decline, notably in the inner areas such as Lambeth and Southwark, has worried policymakers, particularly in the past three years, and a plethora *of regional development schemes* have been launched in the capital.

London's economic problems are more complex than elsewhere in the country. While the trend is to concentrate more and more commercial and international decision making in the city, the industrial base has declined sharply.

The capital accounts for about 16 per cent of the UK gross domestic product. Some 13 per cent of all employment is in London and 80 per cent of *that* employment is service-based. With its international trading links focusing on the City, banking, insurance, finance have all been relatively healthy during the recession.

Mr Michael Ward, chairman of the Greater London Council's employment committee, sees the increased dependence on *service employment as dampening* the level of wages in the capital. Skilled jobs in manufacturing traditionally have acted as a benchmark for wage rates in other sectors for manual workers and the Labour GLC administration is worried that this benchmark is *disappearing.*

A GLC report produced two years ago suggested that had industry and business behaved in London as they did in the rest of the country, London would have gained about 13 per cent of jobs (more than 500,000 between 1961 and 1971) instead of losing a total of 1m manufacturing jobs during the past 25 years — more than three times the national average.

Separate

London's regional development policy is divided into three separate activities: work by the boroughs, the London-wide GLC Enterprise Board, and the attempt to rejuvenate docklands *through the London* Docklands Development Corporation and central government measures. They work in this way:

● London's boroughs, particularly in the inner-city areas, are aware of the need to attract industry. Tower Hamlets, Wandsworth, Islington, Hackney, Southwark, Lambeth and Hammersmith are among boroughs which have *set up agencies or launched* employment initiatives. Small companies' factory estates have been set up in Lambeth and Wandsworth with the emphasis on small units.

Southwark, for example, has set up an *independent* company to administer its job and business creation programmes, to avoid the Government's constraints on local authority finance. Between 1979 and 1981 the Southwark job creation scheme helped 250 companies and created 3,000 jobs in a wide variety of industries and services.

● *The Greater London Enterprise* Board was set up in January with the aim of promoting economic activity and local investment in the capital. The main source of funding comes initially from a special 2p in the pound rate that local authorities can levy under Section 137 of the 1972 Local Government Act. The Greater London Enterprise *Board* wants to create 10,000 jobs by 1985-86.

● The main emphasis on regional development however is concentrated through *the* London Docklands Development Corporation. The corporation's job is to help rejuvenate an area of 5,100 acres, stretching eastwards eight miles from the Tower on the edge of the City of London and including sites on the southern bank of the Thames.

Much of the early emphasis is *going to be on housing development,* which the corporation believes is vital to revitalise the area. The aim of urban renewal is now to work within communities rather than simply demolishing and leaving large areas derelict for years.

The crux of the matter is money and previous attempts to rejuvenate London have failed because of *shortage of funds or* bureaucratic delays. The Docklands Corporation's budget this year is £65m with a £40m budget next year. The LDDC sees its role in national terms because of the sheer size of the project. The Docklands are the largest derelict site in Western Europe.

● Regional development policy since the 1930s has been mainly the preserve of national government rather than local authorities and central government policymakers now take London's decline seriously. An indication of this was shown by the designation of the *Isle of Dogs* as the last of the 11 enterprise zones established by the Government. By the end of this month the *Isle of Dogs* will offer opportunities for laissez faire development with companies getting the benefit of a 10-year rate-*free period.*

London's rates have been blamed in the past for acting as a disincentive to business. The problem of the discrepancy between London rates and the rest of the country is unlikely to be solved unless a radical approach is taken to the whole question of local government finance. It also begs the question of a coherent regional development policy for London.

Gareth Griffiths

PROFILE: NORMAN LAMONT

The man at the Ministry

IN THE past weeks as the fleet sailed towards the Falklands and international shuttle diplomacy took over, it became all *too easy to fall into an assumption* that nothing else mattered in Whitehall.

Contrary to much public belief Whitehall has continued to process the forms, to administer and fill the committees—in other words, run everyday government. Norman Lamont is one of those who has been "open for business as usual."

Since last September Mr Lamont has been Minister of State at the Department of Industry, the man responsible for the Government's regional policy —and regional policy has continued, *albeit in a low key,* throughout the Falklands comings and goings.

In recent years, there has been some disquiet in academic circles at the course, under successive governments, of economic *policy towards the regions,* but Mr Lamont denies any charge of inflexibility.

Defending the changes introduced by Sir Keith Joseph when he was Secretary of State in 1979, Mr Lamont says: "Regional policy is obviously likely to be more effective if it is concentrated on a smaller number of areas where there is greatest need. Even if we had been able to foresee, back in 1979, the depth of the recession we would have pursued this sort of policy.

"This does not mean we are committed to present policy for all *time.* One of the problems is that policy pays too little attention to inner-city matters. I also wonder whether we could relate it much more to emerging technology. Do we give enough emphasis to service industries?

"These are fundamental questions that we are asking ourselves all the time. We are examining the options."

Within the short time he has been at Industry, Mr Lamont has acquired a secure grasp of regional problems. Indeed he has won approving nods from his civil servants for his ability to master a difficult brief. He works at it hard but tends to be a little reserved until he has mastered a subject, as though slightly unsure of himself. Once having mastered, he flowers. There is no reticence now when he talks about regional affairs.

He is "delighted" to be at the department. In Opposition he and Kenneth Clarke were two young shadows under Sir Keith watching the department. When the Tories swept to power Mrs Thatcher sent Clarke to Transport and Lamont to Energy, both as Parliamentary Secretaries. There were many who *thought they had been* treated less than fairly.

Both put their heads down, won their spurs, and were promoted, Mr Clarke recently becoming number two at Health.

Mr Lamont had a difficult time at Energy. The department came under severe fire from its critics and its minister, David Howell, was eventually moved without having covered himself in glory. But Mr Lamont is unrepentant about the stand they took on energy policy.

"The trouble about energy is that the issues are terribly important but little understood. It amazes me that energy is *just seen as a cost and not* in any other terms. I was closely associated with the policy— which pushed up prices sharply —and I still get attacked about it when I travel around the country."

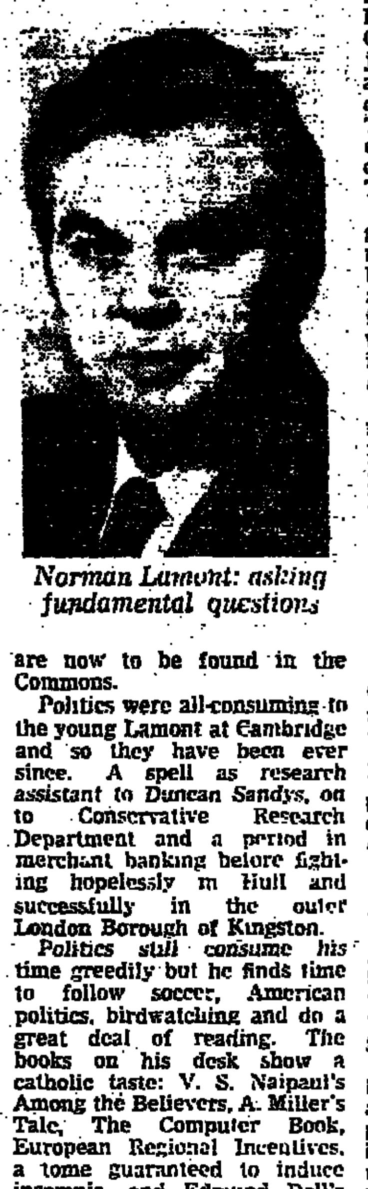
Is he therefore an economic hardliner? He describes himself as dryish on economic matters, and on the liberal wing of the party on other issues, as befits a one-time chairman of *the Bow Group.* A *dry,* perhaps, with more than a touch of wetness?

I asked him if he was a touch too wet for the acerbic tastes of Sir Keith Joseph and if this might not have been the reason he went to Energy rather than Industry in 1979. He denies this completely, saying he gets on well with Sir Keith and has a lot in common with him on the economic front.

Islander

Mr Lamont was born and brought up, until he was 11, in *the Shetlands, which makes him* the only islander in the Commons. There is more than a touch of the Shetlands about *him,* short, dark and square of face, inherited no doubt from his mother. His father was a surgeon — "the surgeon" — who moved to Lerwick. He no longer gets back to the Shetland Islands as much as he would *like since his mother now lives* in Grimsby, but when he was at Energy he was invited to the opening of Sullom Voe, which stands on land *his* grandfather once farmed.

Although the family moved to England he was, like all good Scots, sent back to Scotland to school at Loretto and in the early 1960s was one of *a group of highly active Con*servatives at Cambridge, which included Kenneth Clarke, John Gummer and Hugh Dykes, who are now to be found in the Commons.



Norman Lamont: asking fundamental questions

Politics were all-consuming to the young Lamont at Cambridge and so they have been ever since. A spell as research *assistant to Duncan Sandys,* on to Conservative Research Department and a period in merchant banking before fighting hopelessly in Hull and successfully in the outer London Borough of Kingston.

Politics still consume his time greedily but he finds time to follow soccer, American politics, birdwatching and do a great deal of reading. The books on his desk show a catholic taste: V. S. Naipaul's Among the Believers, A. Miller's Tale, The Computer Book, European Regional Incentives, a tome guaranteed to induce *insomnia,* and Edmund Dell's Political Responsibility and Industry. Dell once sat in his ministerial chair, though as a Labour man. An interesting choice.

Anthony Moreton

Political exigencies are distorting what is already a marginal policy

EEC's spending still far too low

The Indesit headquarters and electrical appliances factory at Orbassano, near Turin. While many of Italy's most successful industrial enterprises are in the north, the European Community's regional policy is directed at stemming the northwards drift from the South by funding projects in the Mezzogiorno

THE EUROPEAN Community's regional policies have so many shortcomings that it is tempting to believe that they are nothing more than a rather unconvincing *public relations* exercise. While the main objective of the European Regional Development Fund may well be to narrow the gap in economic wealth and performance within the Community, it seems able only to plant a small EEC flag on a road project in Sicily or a water supply development on Stornoway.

This judgment will seem unnecessarily harsh to many, particularly local authorities casting around for every development penny they can find. If, indeed, the fund is such a derisory affair why should Yorkshire and Humberside and Devon and Cornwall be fighting against their possible loss of access to some of its resources? *Perhaps because any area suffer*ing high unemployment and a relative starvation of investment funds does not want to be sent to the back of the queue for development money.

The first objection to the fund is that it remains and has always been totally inadequate when measured against the size of the problem. In the EEC's 1982 budget £995m is allocated for commitment by the fund or 7.6 per cent of total Community budgetary commitments for this year. This is only a tiny fraction of what member states themselves spend on regional development.

Members of the Commission and the European Parliament who have fought hard to lever the total up to this level will point out that, though much more money is needed, the trend is in the right direction. In the past four years the *ERDF's share of the Community* budget has climbed from around 4.5 per cent and important amendments such as the non-quota section have been introduced.

Marginal policy

But the fact remains that the fund is digging away at a mountainous problem with a hand trowel. The Macdougall Report of 1977 noted that the redistributive effects between EEC states of the Community's finances is very small—only 1 per cent—partly because the budget itself is so small (less than 1 per cent of total gross domestic product) and partly because the Community's expenditures and revenues have a "weak geographical power per unit of account."

It concluded that EEC spending might begin to have a more *positive effect if the budget* were raised to around 2.5 per cent of GDP and its activities expanded to include structural, cyclical and employment policies as well as regional policies.

Looking at what exists, rather than what might be, we see that political exigencies distort an already marginal policy. About 95 per cent of the ERDF is distributed according to national quotas and earmarked for areas defined as priority areas by national governments. Certainly the four least prosperous member states, Greece, Ireland, Italy and the UK, receive the lion's share, 78.3 per cent.

But it seems difficult to justify the 5 per cent channelled to relatively more prosperous Benelux, Denmark and West Germany. Justification there is, however. Regional policy experts in the Commission and Community politicians all agree that the ERDF could wither away altogether unless all member states have a direct financial interest in its continuation.

Among other things, this conviction highlights the fact that it is not just the UK which has a "balance sheet" approach to the Community budget. It also says something about the rhetorical worship of the concept of Community solidarity—"all for one and one for all" when it is remembered that, with the exception of West Germany, those more prosperous member states draw several hundreds of millions of pounds more out of the EEC budget than they pay in because of the workings of the Common Agricultural Policy.

It should also be remembered that the CAP tends to undermine many of the Community's regional policy objectives. A Commission report published two years ago showed that the average income of farmworkers in the EEC's five most developed areas had become seven times higher than in the least-developed regions between 1969 and 1977.

The main reason is that the items which receive most of the CAP's price support—grains, milk and sugar—are produced in the northern areas while those that do least well from the agricultural policy — fruit, vegetables and wine — come from the less prosperous south. As a result the northern and eastern regions of West Germany receive between 20 and 35 per cent more CAP assistance than the EEC regional average. All of which has helped to widen the gap in per capita gross domestic product between the 10 most developed regions and the ten least developed from 2.9 to 1 to 4 to 1.

Finally, the indictment of the current regional policy must also include the fact that it does not demonstrably lead to job-creating investments or infrastructure projects which owe their existence to the Community. This is because of the way in which the member states, with the collusion of the Commission, have cynically ignored one of the regional fund's founding concepts, "additionality."

It has to be acknowledged that at a time when all governments are anxious to control strictly their public investments, the Community would have great difficulty in forcing them to expand regional spending above what is thought appropriate in national capitals. But at the moment, Community funds do not seem to have much impact on regional spending totals at all.

Last year a British Department of Industry civil servant explained the present system on a BBC radio programme in these terms "The fund is there to complement and strengthen national regional policies, not to supplant them in any way. The whole process goes therefore through national governments. Since national governments have already decided it is appropriate that a particular public authority should invest over a particular period, the funds which actually come from the Community have to be regarded as only a substitution for funds raised from other sources, rather than additional to them."

Imperatives

This is one of the several problems outlined above which *the Commission is seeking to* tackle in proposals for reforming the regional policy. A plan for casting the regional fund regulation is waiting for discussion by Ministers but cannot begin to make political headway until the so-called "mandate" agreement is wrapped up. Essentially, this means that nothing much will happen until a new agreement is reached on cutting back Britain's net payments to the Community budget.

Given the fact that the actual size of the regional fund will be finally determined by member states, with the European Parliament nagging at their heels for more resources every year, the Commission has come up with some sound ideas for making it more effective.

It wants to tackle the problem of "additionality" by switching from project financing to programme financing. This will involve the Commission in negotiating multi-annual programme "contracts" not just with member governments, but also with local authorities. The Commission claims this will provide a better guarantee that Community grants are used to "top up" national aids "since the regional authorities will have a clearer idea of whether financial assistance comes from a national, regional or Community source." In addition, says the Commission, this approach would enable ERDF operations o be more closely dovetailed with the overall development approach in a particular region and will make for greater operational consistency.

This is only one of several important changes the Commissioner for *Regional Policy, Dr* Antonio Giolitti, wants to push through. The most politically controversial and the one which has sparked the Yorkshire and Humberside and Devon and Cornwall battles mentioned above, is the notion that quota funds should be concentrated much more on the regions "suffering particularly serious structural problems."

Dr Giolitti's proposal incorporates an index for determining which areas should qualify for quota funds which is based on per capita GDP at current prices and exchange rates and long-term unemployment. On this index, all areas with a reading of less than 75 of a Community average of 100 would be entitled to quota money.

Headway

The two discontented British regions fall just outside this entitlement, which it must be stressed has not yet been endorsed by member governments. If they were to be included, then it is understood that parts of France, Belgium and West Germany would also have to be brought within the scope of the quota funds—thus reducing their value to the poorer areas.

On the Commission's plan the qualifying regions would be the whole of Ireland (quota: 7.31 per cent), Northern Ireland, parts of Scotland, Wales and of the North and North-West of England (29.28 per cent in all), Italy's Mezzogiorno (43.67 per cent), the whole of Greece except Athens and Thessaloniki (15.97 per cent), Greenland (1.6 per cent), and the French overseas departments (2.47 per cent).

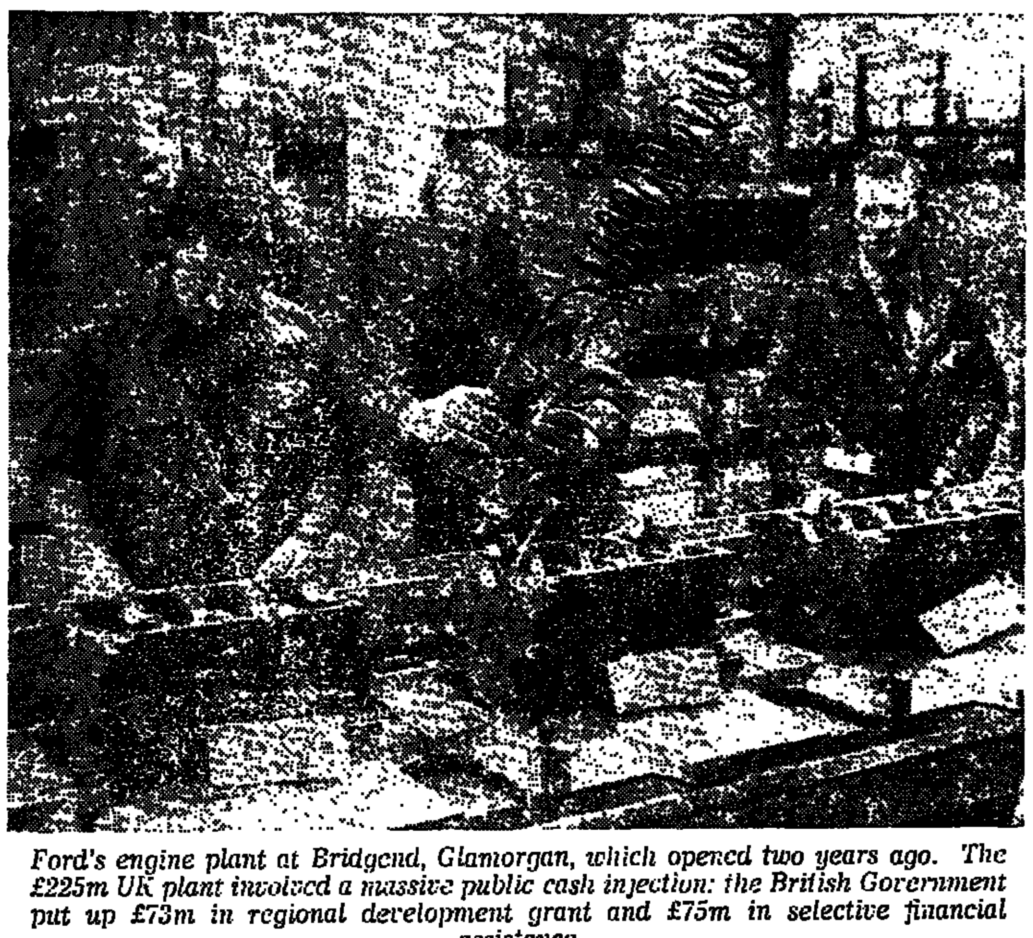
The proposal does not mean that Yorkshire and Humberside or any other part of the Community is by definition excluded from the regional fund because of the political imperatives outlined above. These would compete for money from an expanded non-quota section which would account for 20 per cent of the fund instead of 5 per cent as at present. The non-quota section became operational only last year, with some new characteristics that the Commission wants in future also to apply to the quota section.

At present quota funds can be used only for *physical* investments, but in future the strategy would be to fund small and medium-sized business development, sectoral or market studies, management improvements and the dissemination of information on modern techniques.

This approach would strengthen the regions' indigenous development potential, says the Commission, "in other words to encourage growth activities that are already under way or can be launched locally."

After seven years of extremely modest achievement, efforts are now being made to put Community regional policy on a more effective track. But clearly the Commission and member governments still have much to do to remove anti-regional policy bias from existing policies, particularly the CAP.

John Wyles



Ford's engine plant at Bridgend, Glamorgan, which opened two years ago. The £225m UK plant involved a massive public cash injection: the British Government put up £73m in regional development grant and £75m in selective financial assistance

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REGIONAL DEVELOPMENT IV

Huge efforts have gone into building advance factories and industrial estates

Vigorous marketing of Wales brings many more companies

IF THE Welsh Development Agency did not exist, it would have to have been invented. It is difficult to imagine quite how successive governments might have responded to Wales's economic difficulties in the late 1970s and early 1980s without the agency. From the moment it was established six years ago, as Wales's equivalent of the National Enterprise Board, the WDA has played a pivotal role in helping Wales to cope with *economy — arising from* the massive rundown of employment in the steel industry and the impact of the recession in general.

To carry out its appointed tasks, the WDA was armed with a budget of £150m. It has taken on the functions of the former Welsh Industrial Estates Corporation and Welsh Office Land Restoration Unit and more controversially, the power and resources to invest directly in promising or new or expanding enterprises in Wales, through injections of either equity capital or loan finance.

By far the greatest effort has gone into the building of advance factories and industrial estates to encourage new industry to come to Wales and indigenous industry to expand. It is a policy which was vindicated early in the agency's history when the Ford Motor Company opted to build its new £225m European engine plant on the WDA's Waterton industrial estate at Bridgend. The availability of serviced industrial land, where construction work could begin quickly, was given high priority by Ford in its Europe-wide search for a suitable site.

Since then, the agency has been involved in a series of advance factory building programmes totalling more than 5m sq ft, making the WDA the biggest industrial property developer, certainly in the UK, and probably Western Europe.

The long-running steel crisis has meant a strong boost to its activities. In 1978, the British Steel Corporation's East Moors steelworks at Cardiff was closed and iron and steel-making was ended at Ebbw Vale, creating more than 5,000 redundancies overnight in the parliamentary constituencies of the then Prime Minister Mr Callaghan, and Deputy Prime Minister Mr Foot. The centrepiece of the Government's response to the economic blow to both areas was a special allocation of £20m to the WDA to undertake a crash programme of industrial estate and advance factory building to encourage new employment opportunities.

This precedent was followed closely by the present Conservative Administration, as first BSC's Shotton steelworks lost 8,000 jobs and then the slimline cutbacks at Port Talbot and Llanwern produced more than 11,000 redundancies. A £48m crash programme over two years, to be carried out mainly by the WDA, *was* launched.

The net result is that over the past 12 months, new factories have been completed at an average of one for every day of the year. They will take time to fill in the current economic climate, but helped by a vigorous and sustained marketing effort, there has been a sharp upsurge in enquiries from companies interested in moving to Wales and a rate of lettings which is running at about 50 per cent above the level of a year ago.

At the same time, the Government, in keeping with its privatisation policy, has been anxious to involve the private sector in the WDA's financing and, so far, the Norwich Union Insurance Group, the Coal Industry Pension Fund and Wimpey have joined forces with the agency on major development schemes.

Legacy

Another important, but less publicised, side of the agency's work has been continuing the job of ridding Wales of its once large legacy of derelict and polluted land.

Where there has been political controversy, it has largely centred on the agency's direct investment role. Mr Nicholas Edwards, the Welsh Secretary of State, not unexpectedly, imposed stricter investment guidelines and urged the agency to divest itself, as far as possible, of its holdings in Welsh companies.

While Welsh Conservatives remain generally convinced that taxpayers' money should not be used as risk capital, other political parties in Wales show every indication of wishing to strengthen the instruments for direct investment in the Welsh economy, if not by the WDA, then by more local enterprise agencies.

The Wales TUC, for example, has just published a new policy document called Planning the Future: Economic recovery and beyond. It contains wide-ranging proposals which, if implemented by a future Labour Government as the Wales TUC would like, would give a "revitalised WDA" a major public investment role. It calls for the agency, as the regional arm of the National Enterprise Board, to pursue a policy of building up a "leading presence" in key sectors of industry by a process of take-overs and new investment.

"It should seek to ensure the fulfilment of priorities determined by sectoral planning and the sector working parties and to stimulate improved industrial performance directly, through its own initiatives and by stimulating other companies," the Wales TUC says.

The document presents the conventional criticisms of the Left, arguing that the WDA has been given too limited funds, particularly since a large proportion of its budget has been used to cover the cost of environmental improvement and estate management rather than direct investment. It claims also that the WDA's "potential" has been constrained by restrictions placed on its ability to acquire equity interests and "the use of traditional rates of return for the evaluation of investment projects and its short-term overall performance."

At some time in the future, therefore, if the Wales TUC has its way, the WDA's role will be enhanced still further. It will operate as an executive arm of a Wales Economic Development Council, a Welsh Neddy, which in turn will have as its central task the drawing up and implementation of an economic plan for Wales.

But whatever happens, the WDA is clearly here to stay. The only question is how its role will evolve from now on.

Robin Reeves

GRANTS TO THE REGIONS
(1972-73 to 1980-81 £000)

	Plant and machinery			Buildings and works					Total grants
	SDA	DA	Total	SDA	DA	IA	DLCA	Total	
Scotland	276,684	270,429	547,113	82,912	66,014	2,941	—	151,867	698,980
Wales	100,336	268,789	369,125	18,082	50,365	16,310	—	84,757	453,882
Northern	282,133	443,821	725,954	66,822	75,788	—	—	142,610	868,564
Yorkshire and Humberside	—	36,631	36,631	—	15,105	117,734	—	132,839	169,470
East Midlands	—	280	280	—	28	12,271	3,976	16,275	16,555
South West	420	30,430	30,850	301	8,422	4,411	—	13,134	43,984
West Midlands	—	—	—	—	—	520	2,013	2,533	2,533
North West	232,305	55,230	287,535	48,414	7,455	94,925	—	150,794	438,329
Total	891,878	1,105,610	1,997,488	216,531	223,177	249,112	5,989	694,809	2,692,297

Initiatives are producing a feeling of optimism despite recession

Freedom of action in Scotland

THE ABOLITION of many regional development areas by the Government two years ago has placed a greater emphasis on local, rather than centrally directed, regional development initiatives. Scotland is one part of the country well placed to use this opportunity.

Not only does it have its own government department, the Scottish Economic Development Department, it also has the Scottish Development Agency, the Highlands and Islands Development Board, and the newly created Locate in Scotland bureau — set up to attract foreign investment working in its interests.

Taken together these bodies give Scotland a unique advantage over other regions of the UK. They are well staffed, well funded, have considerable freedom of action and after a shake-up of the SDA by the Tories shortly after the Government came to power — are politically secure.

Their practical effect in creating jobs should not be over emphasised. The HIDB, particularly, has been caught up in a series of fire fighting exercises in response to industrial closures, like the Wiggins Teape pulp mill at Fort William and the Invergordon aluminium smelter, which have sapped much of its energies.

The bodies have helped to engender in Scotland a feeling that, despite the recession, opportunities exist for the foundation and growth of new industries.

Electronics in the central belt of Scotland is a prime example. It has taken root long before the SDA was set up in 1975, but by promoting a detailed study and growth plan for the industry and by trumpeting its achievements at home and abroad, the agency has helped to foster the impression that—far from being a recession-hit, depressed region —Scotland is "Silicon Glen," the land of opportunity.

Image

This image was one of the factors which attracted Nippon Electric Company to site its new European semiconductor plant—due to start production later this year—at Livingston new town and is being used to good effect by the two LIS offices in the U.S. in efforts to attract more American companies to Scotland.

On a more practical level, the spawning of a number of smaller, indigenous electronics firms—such as Rodime, Fife, Future Technology Systems, of Ayrshire, and Flexible Technology of Bute—has been assisted by cash from the SDA or HIDB, matched in each case by a large investment from the private sector.

"In the long term it is by the growth of this indigenous sector that the impact of regional development must be judged," says Edward Cunningham, the SDA's planning and policy director. "We are beginning to get together the finance to be able to do this.

"The agency is becoming more and more identified with the business community and we are developing closer links with the universities. It is all coming together and that is why Scotland, in contrast with some of the other regions, has prospects of a greater awareness of what the potential is.

"We have looked around at where the opportunities, such as electronics, health care and other industries are and we are into the next phase of exploiting them"

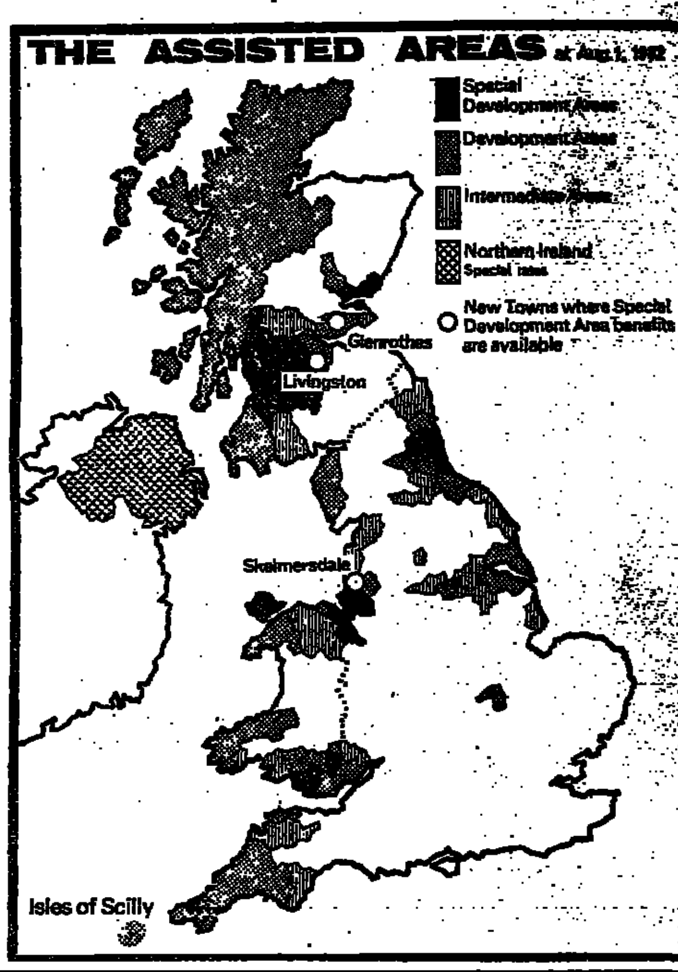
The development authorities have been helped by the fact that the most painful contractions in the Scottish economy have been made so that, although there are still closures, Scotland is not having to undergo the same structural adjustments as, say, the West Midlands This has been reflected in unemployment rates which are lower than many other similar regions of the UK.

Ray Perman

REGIONAL AID
(£m)

	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82 est.	1982-83 est.	1983-84 est.	1984-85 est.
Regional development grants	392	385	406	312	474	598	353		
Provision of land and buildings	15	17	24	24	30	45	23		
Selective assistance in assisted areas	25	24	68	54	42	53	50		
Other regional support				1		1	1		
Residual expenditure, etc	−6	−5	−5	−7	−3	−1			
Selective assistance to individual industries, firms, etc	51	46	93	53	49	62	66		
National Enterprise Board	23	33	45	70	49	41	25		
Investment grants	26	7	3	1					
National Research and Development Corporation	−5	−6	−6						
Other support services			1	1	2	3	4		
Future industrial support						6	12		
Total	519	502	629	509	644	807	534	680	590

A Japanese presence in Livingston, the Scottish New Town designated in 1962, to act as a growth point outside Edinburgh. A large proportion of the 150 or so concerns which have been attracted came from overseas.



PROFILE:

DR. GEORGE MATHEWSON

Making his mark

IT IS little over a year since Dr George Mathewson took up his post as chief executive of the Scottish Development Agency, but even in that short space of time he has made an indelible mark.

The contrast between Dr Mathewson and his predecessor, Mr Lewis Robertson, who is now chairing Midlands steel founders F. H. Lloyd, could not be more complete. The agency's first full time head was a patrician of the old school, a tall imposing man with years of quango as well as industrial experience behind him. Its second is a stocky 41-year-old technician, who thinks fast and acts almost as quickly.

His background could not have been more suited to the job he has now. He came immediately from the Industrial and Commercial Finance Corporation where, characteristically, he had risen with speed to become a director and assistant general manager in charge of a portfolio of 1,000 companies.

He also has experience of industry, and particularly of U.S. companies and high technology—two areas important to the vitality of the Scottish economy. After a first degree in applied physics at St Andrews University and a PhD in electrical engineering, he worked for five years in America, managing research and development projects in advanced avionic systems for Bell Aerospace. During that period he added a Master's degree in business administration to his qualifications.

Exhausting

He is a self confessed "workaholic" putting in long exhausting days at the SDA's Glasgow headquarters and relaxing only at weekends, when he takes the plane north to the family home in Banchory, near Aberdeen.

His personal style of innovative financial thinking was quickly demonstrated when, shortly after his appointment, he plunged the agency into the rescue of the Weir Engineering group, a decision amply vindicated by the group's subsequent return to healthy profit.

A commitment to new technology has also been demonstrated by the SDA's adoption of a strategy of pressing hard for new investment in electronics, health care, industrial biotechnology and advanced production engineering.

He also altered significantly the agency's investment philosophy. The Government, when it came to power three years ago, imposed on the SDA the obligation to work and consult with the private sector before making investment decisions. Dr Mathewson has taken that a stage further, arguing that for practical, rather than for ideological reasons, the agency has to supplement its own resources of finance and expertise by tapping those of the private financial institutions.

He is able to boast that during the last financial year for every £1 that the agency put into a new investment project, the private sector put up £9. But his real test is to come. A few months ago the agency launched a new subsidiary—Scottish Development Finance—to act as a consultant to the SDA itself in making new investment decisions. It is to have directors drawn from the private sector as well as from within the agency and the first appointments are to be announced soon.

Two previous attempts by the Government and the agency to draw in private expertise to a joint public/private investment bank and a holding company for the SDA's portfolio failed in the face of blank non co-operation from the private sector. The success or failure of Dr Mathewson's new approach will be judged on the quality of the outside directors he is able to appoint.

R.P.

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WHY MOVE TO THE MIDDLE OF NOWHERE, WHEN YOU CAN MOVE TO THE MIDDLE OF LONDON?

Hopes are being put in a more unified development structure

Uphill work in Northern Ireland

FOUR industrialists, an accountant and an academic are due to get together in Belfast today for the first unofficial meeting of Northern Ireland's new Industrial Development Board.

When it is properly constituted the Board will take over the functions of the Northern Ireland Development Agency and the local Department of Commerce's Industrial Development Organisation. The Local Enterprise Development, which looks after companies employing under 50 people will keep its separate identity.

The hope is that this more unified structure will give a sharper edge to the Province's development efforts, be more efficient in trying to attract new jobs and new investment and reverse Northern Ireland's alarming industrial decline. Last year, the Province lost 22,000 jobs with only 3,500 new ones created. The unemployment rate is now around 20 per cent with almost one in four of the male population out of work.

Today's meeting is a tentative beginning. Apart from Sir Desmond Lorimer, chairman designate, only five board members have been appointed so far. A suitable chief executive has not been found, despite a salary of £50,000 being offered, and the legislation bringing the body into existence will probably not pass before late summer.

Self-help

Sir Desmond, who is chairman of Lamont Holdings, the property, textile, engineering and life assurance group, says he hopes the board, which will have an annual budget of around £100m, will be at least able to stem the flow of job losses. "The IDB has got to achieve a greater stability for business in Northern Ireland and a greater recognition on the part of the people of Northern Ireland of the need for more self help," he said.

The advertising budget is going to be increased and a more determined attempt made to attract new investment, particularly from the U.S.

However, because of Northern Ireland's image of instability and violence, renewed by last year's hunger strikes, Sir Desmond says the biggest push is likely to take place at home—encouraging foreign and domestic companies in Northern Ireland to expand and export more.

A significant section of the new board will be devoted exclusively to the problems and potential of existing industry and will deal with everything from job creation or maintenance to grants and support measures for exports in one department. A "highly professional" rescue unit is also to be set up for companies in distress.

Northern Ireland's fragmented industrial effort—with claims that potential developers have been shuffled back and forth between NIDA and the IDO—has in the past been compared unfavourably to the Industrial Development Authority (IDA) in the Irish Republic. The structure now emerging has clearly been influenced by the IDA's success.

Mr Adam Butler, Minister of State for Industry at the Northern Ireland Office says: "We are well on the way to creating a highly professional single-minded, commercially orientated and dynamic new organisation—one which will be as free as possible from red tape, which will provide 'one-stop shopping' to the potential investor, and which will offer to industry the most comprehensive range of services available."

Policy is at the moment in a state of limbo and people are waiting to see what emerges but there are some fears that the red tape will prove more enduring and the dynamism more elusive than Mr Butler supposes. From both trade union and some business circles there is disappointment that the new board is not more autonomous from government. Although there will be no civil servants on the board, the staff of the unified department, which will be around 300 strong, will be civil servants.

Mr John Simpson, an economist at Queen's University, Belfast, believes that the unified structure is a step in the right direction but sees little prospect of radical change. There is too little public accountability, he believes, and too little information released to the public for an informed debate on the effectiveness of present industrial policy and alternatives to it.

Mr Simpson, who is a member of the National Economic and Social Council at present deliberating on the future shape of the Irish Republic's industrial policy, believes research into the profitability of foreign companies in Northern Ireland is a priority.

"If the firms are doing well we should be boasting about it. If they're doing badly we should be trying to find out why," he said.

Compared with the rest of the UK the incentives offered in Northern Ireland appear generous. They are certainly more special than the grants available in the special development areas of mainland Britain. There, building, machinery and equipment grants are 22 per cent. In Northern Ireland they are between 30 and 50 per cent. The Ulster package also includes interest relief grants to reduce the cost of borrowing for up to seven years, 75 per cent industrial derating and research and development grants of between 40 and 50 per cent.

However, the size of the incentives is more than matched by the enormity of the problem. The economy built on the three pillars of agriculture, heavy engineering and textiles has been severely squeezed. At the same time the flow of inward investment has largely dried up because of recession and fears of political instability.

There is a growing view that the present system of incentives—largely capital based—may not be flexible enough to meet the competition from the IDA with its 10 per cent tax on profits until the year 2000.

"Looking at the whole picture of industrial incentives we feel that we have been slightly hamstrung in the past by conformity to the UK matrix," said Mr Richard Gordon, regional director of the Confederation of British Industry.

Incentives

"I think CBI members in Northern Ireland would like the Government to investigate the possibility of tax-based incentives," Mr Gordon adds. He believes that ministers have implied over the past six months it was something they were prepared to consider. But more important than fiscal changes, he believes, is the need for local politicians to give a greater priority to economic problems than ideology and sectarianism.

"International companies are very reluctant to invest in an area where real politics are not happening," he said. Potential outside investors will probably be watching the progress of the Government's devolution plans for the Province as closely as the emergence of the Industrial Development Board.

One man who will be watching the IDB's progress with particular interest — one who believes there is plenty of room for improvement—is Dr Colin Tindall, a director of a new company Neotek Medical. It wants to produce a tiny automatic insulin pump for diabetics. Worn like a wristwatch it administers 400 small insulin shots a day.

Neotek, which wants to manufacture the device in Belfast, approached the Department of Commerce for help. Six months later the application was referred to NIDA where it has been for the past 18 weeks.

"We are now looking for private capital," Dr Tindall said.

Raymond Snoddy

Inner city policies need time to evolve

LAST YEAR'S RIOTS concentrated the mind of Government on the problems of Britain's inner cities.

But, as Mr Michael Heseltine, the Environment Minister, said in the wake of the riots: "The problems have been accumulating for a very long period of time, decades, and the policies that are needed will be policies that take time to evolve."

The immensity of the problem can be illustrated by such bald statistics as the inner cities, containing 7 per cent of the population, have 20 per cent of households in housing stress, some 40 per cent of ethnic minorities, and twice the national rate of unemployment.

During the last year, while unemployment has continued to rise nationally, scores of initiatives have been suggested, by both the public and private sectors. One of the main problems has been to fully investigate the potential of various schemes but at the same time press ahead with projects so that action is seen to be instigated.

Many of the government-led initiatives have sprung from the Financial Institutions Group (FIG). This group of 25 people, seconded for one year from the banks, City institutions and several private companies, was brought together by Mr Heseltine after his visit to Liverpool following the riots in Toxteth.

The major initiative to emerge from the FIG "think tank" and which was formally launched last month by Mr Heseltine is a £70m grants scheme designed to attract private investment into the inner cities.

[illegible] on a U.S. housing and [illegible] development project—the Urban Development Action Grant scheme—the initiative is intended to link public and private sector funds on specific projects.

Under the scheme local authorities in 43 of the most deprived areas in England and Wales will be asked to plan investment projects in co-operation with the private sectors. For the financial year 1983-84, for which the initial £70m is earmarked, submissions will have to be made to the Environment Department by September so that approved projects can be on stream early in the financial year.

The aim is to attract private sector investment to projects—industrial, social and environmental—which could be made viable with an injection of public money. In the U.S. where such grants were introduced in the wake of the urban riots of the 1960s about six dollars of private money spent is needed to attract every dollar of public money spent on urban regeneration. In Britain the intention is that councils will compete with each other to attract the maximum involvement by the private sector.

Mr Heseltine, in announcing the scheme said: "I shall be looking for projects which among other things will make a significant impact on the areas concerned and which will contribute to improving the local economic base."

Recent experiments on a similar basis—that of forging an alliance between private capital and public funds—have attracted an enormous commitment of private investment. For example, in March £5m of urban programme money, the special government funds earmarked for inner city projects, was allocated to low-cost home ownership schemes in inner urban areas. Approved projects are expected to attract up to £14m of private sector finance.

Criteria

The chief criticism being voiced against the new Urban Development Action Grants scheme is that funds have been spread too thinly, with 43 local authorities entitled to put forward projects. Critics also point out that the Government has not yet published its criteria for projects. It is still uncertain whether or not projects worth £1m or more will only be eligible for funding.

While the private sector may be drawn into inner city regeneration more forcibly by the U.S.-style UDAG it has not been inactive in smaller-scale community projects over the last few years. Scores of enterprise agencies have been set-up throughout the country, with businesses in particular offering advice to either new-start businesses or small entrepreneurs.

The London Enterprise Agency set-up four years ago by nine major companies, has been particularly active in extending its activities. For example, a joint company set up under its auspices is currently renovating a 19th century warehouse in Tower Hamlets, East London at a cost of £600,000 in order to provide 45 workshops for small businesses. Similarly a group of companies, led by Marks & Spencer, is exploring the possibilities of a new initiative in Brixton, South London, which would involve the local authority, financial institutions and local High Street businesses in putting together commercial ventures which would attract investment.

Part of the venture could involve twinning whereby a large company would take a particular interest at senior management level with a particular inner city area with the possible provision of special training places allocated to people from those areas.

The Government, in its March budget, introduced further incentives to small businesses as well as extending tax relief for companies directly involved in job creation and inner city projects. Private sector contributions to Enterprise Agencies are allowed against corporation tax, in line with those to Chambers of Commerce.

The main area of the Government's direct involvement in Inner City regeneration is funding through the Urban Programme in which funds are allocated towards inner city areas, with particular emphasis on regeneration of local economies.

This year the urban programme is to be increased from £215m to £270m with special emphasis on voluntary sector capital projects rather than revenue provisions. However, funding of capital projects, for example, of up to £1m over three years for one community centre in Lambeth, South London, can pose new problems. Local authorities, who put forward 25 per cent of the funds, are anxious that they should not shoulder the running costs of projects when Urban Programme money for the particular project ends.

Lisa Wood

The central computer systems of Scicon Computer Services, the computer services and software consultancy operation, at Milton Keynes. The group's headquarters are in the New Town.

A joint promotion agreement is helping to attract new companies

Growth points go electronic

THE SO-CALLED "Western Corridor" *stretching along the* M4 motorway from the outskirts of London to Bristol has been one of the most popular areas for industrial development in recent years—particularly for electronics and high technology companies.

The key development areas have been Swindon and Bristol. Both centres now have a high proportion of companies involved in potentially fast-growing activities and new companies with clearly defined expansion plans.

Probably the most important arrival in the region has been that of Hewlett-Packard in *Bristol. The U.S. electronics* company will create about 7,000 new jobs in the next seven to eight years—and it is hoped its arrival will encourage more electronic concerns to go to the region.

Swindon's smaller, though comparable, recent arrival is Intel, another U.S. electronics company. It now employs about 200 people but will increase its workforce to at least 1,000 in coming years. The company has invested about £5m in a new building, housing its European headquarters and customer service facilities.

In the short term, the plans *of some of these new companies* may suffer setbacks—mainly as a result of the recession and its impact on demand for electronic components—but there is a strong likelihood that medium term growth will be stronger than forecast.

Until recently, there has been intense competition between Swindon and Bristol in attracting new investment, but the two have now announced a joint promotion agreement which they believe will reduce costs and be of assistance to both areas, particularly in overseas markets.

An element of competition will remain, but as each centre has peculiar advantages of its own, serious conflict is considered unlikely. The move has been welcomed by the Department of Industry which is concerned at the level of competition, in attracting particularly from the U.S., between different areas of Britain. The Department believe it could prove to be against the interests of the country as a whole.

Competing

Mr Claude Draper, leader of Bristol city council, said, when announcing the "Business West" alliance between Swindon and Bristol, that both centres faced the problem of competing against assisted areas which offered government grants to incoming industry. The two had, nevertheless, been successful in using ratepayers' funds to help the regeneration of industry, but now both local authorities felt that they could penetrate the investment market more effectively together than on their own. Joint promotion activities will be funded out of existing council budgets.

One area where the dual approach is expected to gain better results is spending on overseas advertising. A combined campaign is designed to sell both centres as an entity rather than in competition.

One reason for the increased *efforts to stimulate growth* has been the constraints the local authorities believe are being placed on them by the Government through spending cuts, and in Swindon's by the local Wiltshire county council's opposition to further expansion.

In fact, both Swindon and Bristol have experienced severe contraction of existing industries, notably those in mechanical engineering. This *has meant* that despite the arrival of new companies unemployment levels have remained broadly stable.

In Swindon, about 8,500 people are currently unemployed, 10.3 per cent of the population. The number rises to *about 12,000* when the surrounding travel-to-*work area is included.* According to Mr Douglas Smith, industrial advisor to Thamesdown borough council, Swindon's local authority, job creation has broadly kept up with losses but problems still remain.

There is considerable disappointment locally over cutbacks by British Rail Engineering, which resulted largely from the recent rail strike and its impact on BR's cash resources. BR has announced *that it* will cut 1,200 jobs at Swindon by December next year and the works has stopped recruiting apprentices.

There is also concern over *the possibility* that BL Pressed Steel Fisher, a major local employer producing car body components for a range of BL vehicles, will reduce the numbers employed in line with cuts elsewhere within BL. The workforce has already fallen from about 5,500 to 3,500 in recent years.

Attracted

As a counter to this, a steady flow of smaller companies has been attracted to Swindon, with 10 arriving in the past six months. However, the numbers involved have been comparatively small and the growth of local concerns has been restricted by the recession.

There has also been a notable move towards more white collar jobs in Swindon. Its location within easy reach of London has attracted a number of insurance companies and administrative headquarters of large concerns. These include Hambro Life, and more recently Lowndes Lambert and National Employers Mutual, each creat*ing about 400 jobs.* W. H. Smith has decided to move its head office to Swindon by 1984 and Philips, the Dutch electrical group, will indicate by the end of this month whether to take up an option on land in the *town centre for offices.*

Swindon has recently launched a campaign to attract London-based companies to the town, pointing out that prime office space in London is now costing about £30 a square foot, when rates are taken into account, while the figure for comparable space in Swindon is about £10 a square foot.

All these measures are based on assumptions that the local *population will grow from its* present level of 160,000 to about 200,000 by 1990. The local authority believes this growth can be managed under its present housing expansion programme, and that there is enough industrial land to accommodate industrial expansion.

In the greater Bristol area, around 40,000 people are unemployed, 10.3 per cent of the population. Like Swindon, this is below the national average, but recent factory closures have also caused concern.

The most serious of these has been St Annes Board Mills' Bristol mill, where 1,500 jobs were lost. A further 900 people were made redundant through the closure of a Robertson's jam factory.

There have also been cutbacks at a number of Imperial Group tobacco plants, and the recently announced closure of a number of factories within the *group over the next few years* will also effect Bristol.

Mr Mike West, head of the council's economic development unit, said that job creation had almost kept pace with the most recent loss of employment. About 60 *small* companies had been established in a recent four-month period, and there was a high level of inquiries for assistance by new concerns.

One of the largest industrial developments of its kind is taking place in Bristol. The Aztec West high technology industrial park, is attracting renewed interest after a slack period in the past few months.

Lorne Barling

Swing of the political pendulum diverts the focus to older cities

New Towns out of fashion

THE driving force behind the creation of the new towns by the post-war Labour government was also one of the greatest sceptics about their usefulness. "A leap into the unknown" is how Mr Lewis Silkin, the then Town and Country Planning Minister later described their sanctioning.

Post-war Britain faced a major housing, reconstruction and planning crisis. Silkin felt the emphasis must be on city rehousing, and high density would have to be accepted in central districts with new towns being, at best, "only a minor supplementary expedient."

Since then Lewis Silkin has been proved both right and wrong. New towns achieved a popularity undreamed of when the first, Stevenage, was designated in 1946. The great planning fashion became to transfer population out of old urban areas into the fresh air and green fields of the new towns and to encourage commerce and industry to set up there, rather than in the traditional city areas. New towns and new jobs boomed.

New towns are now throughly out of fashion. One after another new town development corporations are being dissolved by the Government, assets are being transferred to the Commission for New Towns and private sector funding will be expected to replace the reliance on the public sector for growth and expansion.

The new towns, even the third generation "new new towns," are no longer new. The realities of the rest of the world have caught up with them; *unemployment is rising, some* factories which opened in a rush of enthusiasm during the 1950s and the booming 1960s are contracting or pulling out.

The political pendulum has also swung away from new towns. Inner urban regeneration is the new fashion. People and companies are being urged through a variety of initiatives and incentives to stay in urban areas or move into city centres which have been declining socially and economically for more decades than new towns have been thriving.

However, the new towns have been in many senses a remarkable success story and, given the changes in political and planning thought in Britain since 1946 it is remarkable that it has taken this long for a party in power at Westminster to turn hostile. That hostility may change the concept of the new towns but it will not change their achievements.

Ring

The first generation comprised a ring around London—Stevenage, Crawley, Hemel Hempstead, Harlow, Hatfield, Welwyn Garden City, Basildon and Bracknell. In the same period up to 1950 the depressed North East was relieved with the creation of Aycliffe and Peterlee new towns, Corby was designated in the Midlands, Cwmbran in Wales and East Kilbride and Glenrothes in Scotland, followed in the mid-1950s by Cumbernauld.

The second phase towns were designated *in* the early 1960s and the third and final phase in the late 1960s, the final new town being central Lancashire set up in 1970, bringing the total in Britain to 28.

The population growth of the new towns has moved from 1.16m in 1961 to 1.43m in 1971, a rise of 23 per cent, and then up to 1.73m by 1981, a further jump of 21 per cent. Some of the individual population changes have been remarkable. Aycliffe had a population of 60 in 1947 and 26,500 in 1981, with an ultimate target of 45,000. Basildon jumped from 5,000 to 47,500 in 30 years and has a final goal of 60,000. Milton Keynes started at 40,000 in 1967, was 97,000 in 1981 and is aiming for 200,000. Peterlee moved from 200 to 25,500 with a final target of 30,000. In Scotland the 3,000 in Cumbernauld in 1955 were 50,700 in 1981 and will eventually be 70,000. Irvine moved from 35,000 to 60,000 between 1966 and 1981, and is half way to its target. Livingstone, a mere 2,100 in 1962 had 39,000 inhibitants in 1981 and will eventually have 100,000.

These figures have a greater importance than mere popula*tion statistics.* They represent the extent to which life-styles and social conditions changed quickly for a large number of people and their families. It is no exaggeration to say that the new towns provided gardens and *greenery for hundreds of thou*sands of people who might otherwise never have seen any in their daily lives—not to mention modern housing and sanitary facilities for people from deprived and often war-ravaged cities, *which the first* generation towns, in particular, provided.

These people have also benefited from the success the new towns have had in attracting commerce and industry. In spite of some closures, cut backs and rising unemployment as the recession encroaches, there are still just under 1m jobs in Britain's new towns—and all the towns are engaged in ex*tensive campaigns to create and* attract more.

This large scale attempt by new towns and others to attract more businesses is starting to needle the Government, which regards it as contrary to both general regional policy and, more particularly, the Government's attempt to channel more private sector investment and initiative into the inner cities.

The new towns have been very successful in attracting foreign investment. Milton Keynes alone has 90 manufacturing and distribution centres with foreign parentage, including 12 from West Germany, eight from Scandinavia and six from Japan. The latter probably accounts for the fact that it also has the first major Japanese restaurant to open in Britain outside London.

However, not everything about new towns displeases the Government. There can be no doubt that the proposed answer *to two of Britain's major urban* problems — the creation of urban development corporations for the redevelopment of the derelict London and Merseyside docklands—is based firmly on the concept of the New Town Development Corporations, although the new bodies have been allocated greater powers.

Deficit

The financial results for the *new towns in the year to March* 1981 show the extent of public sector involvement. General revenue (before tax) against disposals (before tax) produced a net deficit of £89.3m and long term loans from the Government at March 31 1981 totalled £3.65bn.

Two of the most serious difficulties facing the new towns have nothing to do with how they are designated by Government. One is that a key to their success in attracting employment depends on housing, and the sharp cut-back in their housing programmes by the Government restricts their ability to create jobs much more than similar cutbacks do in other areas.

The second is that the new towns fare exceptionally badly under the Government's controversial and inconsistent method of allocating central government block grant to local councils. The results across a range of indicators important to new towns coupled with the seemingly deliberate refusal of Environment Department civil servants to compensate properly for the rapid population increases in the new towns, has led to them receiving allocations which do not, on any statistical basis, bear any relation to their actual circumstances.

Mr David Hall, director of the Town and Country Planning Association, criticising the Government's attitude to new towns wrote last year that they were the most efficient agencies yet devised for stimulating growth. "The Government has blinkered itself from the fact that efficient *public enterprises* can provide a vital stimulus to private sector initiatives of all kinds," he said.

Blinkered or not there is no doubt that new towns are in for a tough time. That may make *life economically more difficult* for them, their business and their residents, but it will not alter the general improvement in health, and living *conditions* which they have provided.

A book about the story of Harlow by Sir Frederick Gibberd, its architect-planner, finishes with the thought that Sir Christopher Wren's epitaph might also be appropriate for the new towns: *Lector si monumentum requiris circumspice*—Reader if you seek a monument look around you.

Robin Pauley

Docklands zones looking for growth

THE INAUGURATION of *Britain's latest enterprise zone* in the Isle of Dogs yesterday is expected to signal the final bursting into life of the London Docklands Development Corporation. Until now the corporation has been gestating and getting ready to dash for growth. Next month will see a vigorous media campaign and from then on the *LDDC is* expecting to be very busy indeed.

It already has a pace-setting example to follow, and one which amply demonstrates the value of the urban development corporation as an instrument of industrial regeneration. The example is the Merseyside Development Corporation, announced in 1980 at the same time as its London counterpart, *and charged with the similar* task of bringing redundant dockland back from the dead.

Several influences converged to push the Merseyside corporation off to a flying start. The first was that it received the *sweeping powers for land* acquisition and to act as its own independent planning authority in April of last year. In London, vigorous objections from the GLC and the boroughs of Tower Hamlets, Southwark and Newham delayed the LDDC's vesting day until July.

However, time has been only one factor. Far more important, *though coincidental,* was Toxteth's civil disorder last summer. This focused world attention on Merseyside's decline and its massive structural problems of long-term unemployment. Law and order issues aside, the region's need for rapid industrial development became a political hot *potato that the Government had* to be seen to be handling.

The MDC, answerable directly to the Environment Secretary and with its ability to get on with the job without reference to local government, provided a handy instrument. Further, the Environment Secretary, Mr Michael Heseltine, was also appointed temporary Minister for Merseyside after his post-riots, on-the-spot investigations of what was wrong with the region. Given his state of almost perpetual conflict with many local authorities over budget pruning, *the MDC* offered an obvious way of being seen to deliver some solutions. He even used the MDC offices as his base during his investigations.

All of this, however, ignores one other factor, and probably the *most important.* In all management, someone has to make things actually happen, and most influential *people* on Merseyside, therefore, knew that the MDC would move rapidly simply because one of the most able industrial leaders in the private sector had been appointed its chairman.

Style

Mr Leslie Young already had an impressive record as chairman of the Liverpool-based industrial and agricultural conglomerate, J. Bibby and Sons Ltd. Bibby was near collapse in 1970 when he was appointed its chief executive. Since then, the company's market capitalisation has increased by more than 3,000 per cent and city sources see Mr Young, and his pace and style of management, as the principal reasons for recovery.

The *style is one of* wide devolution of power throughout Bibbys' nationwide organisation, but with strict accountability on meeting easily understood targets, such as returning at least 20 per cent on all capital employed. He is also strong on consultation with employees and shareholders — the company's annual report, for instance, has won prestige awards.

Almost inevitably, then, this style is evident in the MDC, where things have moved with quite striking speed. The pace has even astonished some of the MDC's own staff. "I used to work in local government and I'm still reeling from the contrast," one of them told me recently. "It's the private-sector involvement that makes all the difference."

That involvement is crucial, *for the MDC operates* with fewer than 50 staff of its own, headed by Mr Basil Bean, who already has a successful record in industrial development at Northampton. When specific expertise is needed, companies from the private sector are brought in. A network of architects, engineers, designers, planners, builders and contractors can be put to work rapidly.

By August last year the MDC had published its initial development *strategy* and was consulting local authorities, local industry and commerce and, through public meetings, the people of Merseyside.

The strategy, now being implemented, has three main planks. The first is to restore water to Liverpool's south docks. These fell into disuse 10 years ago as containerisation and other bulk-carrying advances shifted the port's traffic northwards to the new purpose-built docks at Seaforth. Unable to afford maintenance, the Mersey Docks and Habour Company opened the locks and the south docks filled up with heavily polluted silt.

Mr Bean says that it will cost the "thick end of £20m" to put water back, a cheaper option, incidentally, than filling in the *docks, for the silt would still* have to be removed. He is confident that the eventual environmental advantages and attractiveness will be worth it.

Part of the attractiveness arises because the MDC is taking over the historic Albert Dock, a waterside complex of listed buildings that, even though derelict, are impressively elegant. This will be home for much of the *Merseyside Maritime Museum,* with floating exhibits, and the proposed northern branch of the Tate Gallery. It will provide a major focus and leisure centre in the heart of Liverpool.

Reclamation

Another plank of the strategy involves reclamation of land in Bootle where warehouses had become redundant. These have been *demolished, small units* are already being built and plans are well ahead to improve not only the sites but their surroundings and accessibility to them.

The third part of the strategy will have considerable international impact. It involves the reclamation already well under way of 250 acres comprising an old dock several tank farms and an unstable tip. Here in 1984 the first British international *garden festival* will be staged. The Queen has agreed to be patron of the £13m festival and more than 3m visitors are expected from all over the world during the six months the event will run.

After the festival half the site will be turned over to housing and factories. The rest *will be left as permanent* leisure facilities that will include an indoor recreation centre an international class athletic track, and riverside walks and parkland.

In the south docks themselves, BAT Industries provided the first private sector involvement in a £750,000 joint venture with the MBC to convert an old transit shed into enterprise workshops. Significantly, the shed's postal address is in Toxteth.

Meanwhile in London the LDDC has been getting to grips with a larger scale of problem. Its area covers 5,100 acres, compared with the MDC's 865. At £65m, its first year budget was nearly four times as much as the MDC's and two-thirds of this was spent on land acquisition, mainly from the Port of London Authority, and on-site prepara*tion that* included the demolition of 2m sq ft of unusable old buildings.

London's big advantage, of course, is the very fact of being London. The LDDC's powers give it a unique opportunity to develop, in a coherent manner, one of the most "desirable" riverfronts in the world with an imaginative combination of housing, industry and commerce. As spokesman Mr Peter Turlik puts it: "Up to now we have been merely preparing the stage. Long term, our problem is not going to be filling the area up. It is going to be one of selectivity."

It is the sort of problem that Merseyside would love to have.

Ian Hamilton Fazey

Progress of Enterprise zones

TO THE accompaniment of widely varying views on exactly what their impact would be, the first of Britain's 11 enterprise zones came into operation almost a year ago.

Supporters of the idea—first put forward by the Chancellor, Sir Geoffrey Howe, while still in Opposition—argued that the designation of sites where business could set up with a minimum of red tape and even more importantly free of local rates, would release a new tide of entrepreneurs.

Opponents were more sceptical, claiming that in a depressed economic climate the more likely result would be simply the movement of business from outside the zone to within it, undermining *property prices on the* periphery.

Consultants appointed by the Department of the Environment to monitor the progress of the zones will be able to pronounce which of these views *is correct when they* report their findings at the end of the year. What is clear, however, is that a number of developments have been stimulated in areas where lettings previously had been slow, and some new jobs created. The most significant, as reported by the Department of the Environment in its latest review are:

SALFORD/TRAFFORD

Private developers are to construct 25,000 sq m of speculative industrial units on land owned by Salford City Council. The Manchester Ship Canal Company has also started infrastructure works (with Urban Programme support) to service a 9 ha development site in the Salford Docks. In Trafford, projects providing 40,000 sq m of new or refurbished industrial floorspace are committed or under construction. There is a steady take up of premises in the new industrial estates included within the EZ.

WAKEFIELD

Land disposals have been agreed for three projects providing in all around 25 new industrial units and a further two warehouses to be built for owner occupation. Two *out of five previously empty* factories are now occupied with a net addition of 55 jobs.

DUDLEY

Projects providing 17,000 sq m of floorspace in speculative industrial units are under construction. Ten units, providing 2,000 sq m of floorspace, have been completed and are fully let. Herman Smith, in conjunction with an American company, plan a new plant to supply high technology components to the *United* States.

HARTLEPOOL

Twelve *development* projects or new lettings under active discussion, 800 sq m of new factory floorspace under construction and seven previously vacant premises have now been let with a net addi*tion of about* 50 jobs.

CORBY

Nearly half the land in the zone has been disposed of or firm options taken out and of this almost half is already the subject of specific development proposals. Six private companies are currently building *factories for* their own occupation and several more have bought, or are in the process of buying, land with the intention of doing so. The first phase of 12 factories built by the New Towns Commission have been let and it is now constructing a further 30,000 sq m of advance units. Another company is investing £25m in two projects (a flour mill and a starch factory) for which construction is under way.

TYNESIDE (NEWCASTLE/GATESHEAD)

In Newcastle, Vickers has begun construction of its 36,000 sq m new premises at Scotswood and a small development of speculative units has also started. In Team Valley, EIE has completed a development of 24 units, a further 7,500 sq m of private factory and warehouse floor*space are under construction* and 14 projects have reached various stages of negotiation. Elsewhere in Gateshead, 7,000 sq m of warehouse/factory floorspace are under construction and negotiations are *proceeding on three* further projects.

SPEKE

EIE managed to compare its development of 68 industrial units by the end of the first quarter of 1982. Clearance and demolition on the Dunlop site are well under way. Discussions are proceeding on the servicing of the airport land and refurbishment of the BL factory.

SWANSEA

Forty-seven companies have moved into or set up in the zone since the EZ announcement, of which seven are new ventures. Construction of 11,000 square metres of floorspace has begun since designation, a further 30,000 square metres is committed or proposed. 65 per cent by private firms or developers.

CLYDEBANK

Since the EZ announcement 32 companies with a total potential for 950 new jobs have moved into, set up or expanded in the zone. Of these 32 are entirely new ventures. 30,000 square metres of floorspace is currently under construction and a further 20,000 square metres is committed. Radio Clyde to build a new £2m office/studio complex.

BELFAST

Eight projects for conversion or redevelopment under active discussion. A further four new warehouse developments have started on site. In the North Foreshore area of the zone ten companies are to occupy the whole of a 24 acre site.

ISLE OF DOGS

Six major development projects in various stages of negotiation including The Daily Telegraph which has plans for a new production plant which would provide more than 2,000 jobs. Eight temporary lettings of existing premises agreed.

PROFILE: NIGEL VINSON

Belief in the task

MR NIGEL VINSON, chairman of the Development Commission, the modest *quango charged with* the regeneration of rural England, could not, it seems, be better equipped for his task.

As the fifth son of a Kent farmer he realised early in *life "there would be no farm* for me" and like many other farmers' sons began making his own way in the world.

In Nigel Vinson's case this meant developing a new process for coating metals with plastic and setting up his own company, Plastic Coatings, in 1952 in a Nissen hut in Guildford. When he gradually relinquished control to Imperial Tobacco from 1971-73 the company was employing more than 1,000 people and has continued to grow since.

It was then that he began his "second life" as the holder of a formidable array of public posts. They have included being honorary director of the Queen's Silver Jubilee Appeal, a director of the British Airports Authority, deputy chairman of the Small Firms Council of the Confederation of British *Industry, a leading* member of the Design Council, a director of the Centre for Policy Studies and President of the Industrial Participation Association.

As chairman since 1980 of *the* Commission, which spends about three-quarters of its £20m annual budget on advance factories in rural areas, Mr Vinson's "two lives" have come together.

The Commission, and its main operating arm, the Council for Small Industries in Rural Areas, has built 500 advance factories over the last nine years and plans to build a similar number over the next seven.

A small industrial estate, for instance, had transformed a coastal village such as Hunmanby in the North Riding, left with little when the North Sea herring deserted the area.

"The wind is blowing our way," Mr Vinson believes. Apart from parts of Durham, Northumbria and Cumbria, the depopulation of the English countryside is being arrested and Mr Vinson believes that, over the next 25 years, there is likely to be a gradual social revolution as new technology allows more and more people to combine living and working in beautiful rural areas.

Raymond Snoddy

MEXICO'S INFLATIONARY SPIRAL

The 'oil miracle' turns sour

By William Chislett in Mexico City

THIS WILL be a more than usually tough year for Jose Ruiz, aged 13, as he scrapes a living picking through the mounds of plastic bottles, tin cans, leftover food and other junk at the enormous rubbish tip at Santa Cruz Meyehualco, near Mexico City's airport.

On a good day he can now earn 100 pesos ($2.20) which used to go quite a long way in Mexico. But no longer. Mexico's rate of inflation is now forecast to be about 60 per cent this year, double that in 1981.

Ask Jose about Mexico's massive oil wealth (the country is the world's fourth largest producer and its reserves could eventually match those of Saudi Arabia) and he looks bemused with eyes which betray a life of misery, and malnutrition.

Marion Sedgar

Jose does not, of course, speak for all Mexico. But he does represent a significant chunk of the 70m population, half of which is under the age of 15. There are about 10m "marginados," like Jose, and some 40 per cent of the 19m workforce still does not have a permanent full time job.

Mexico's "oil miracle" is turning sour. Apart from spiralling inflation exacerbated by the floating of the peso (which has been effectively devalued this year by 40 per cent), the country is having to come to terms with a sharp cutback in economic growth from 8 to 4 per cent a year, a total public and private foreign debt of almost $70bn, the world's largest, huge budget deficits and a growing outflow of capital.

The peso was floated two months ago after a $6bn drop in oil revenue projections caused by the world oil glut, and free domestic spending.

To make matters worse for the government of President Jose Lopez Portillo, these problems have to be tackled at a time when the Institutional Revolutionary Party (PRI), which has ruled Mexico unopposed for 53 years, is facing unprecedented opposition from newly legalised right and left wing parties competing for the first time in the July 4 general elections.

Political reform, designed to channel dissent through an institutional framework and avoid the social upheavals of most of the rest of Latin America, has already spawned five new parties. The PRI is still expected to win comfortably because of its deep roots, but some of the opposition parties could make significant inroads.

International bankers, who for the past three years have been optimistic about Mexico, are no longer so sanguine about its prospects. Spreads on loans to Mexico have started to go up significantly, and leading dealers in the Eurodollar floating rate note market recently pulled out of trading Mexican paper.

The chief worry of the international financial community—and many local observers—is that this is a lameduck administration which is in danger of losing control. Mexican presidents are constitutionally limited to one term of office, and two months after the devaluation, the Government's stabilisation policies, including a $5.8bn cut in public spending, are doing little to raise public confidence. Some of those measures which have been announced—like the granting of an extra tax free wage increase of between 10 and 30 per cent over and above the 34 per cent statutory rise granted in January — appear to be motivated more by political considerations than serious economic thinking.

The extra wage increase has already caused prices to soar and the beneficial effects of the devaluation on Mexico's sagging non-oil exports are being quickly eaten away. The peso is now being allowed to depreciate further.

Meanwhile interest rates are increasing in an attempt to tempt funds out of dollars and into pesos (there is free convertibility of foreign exchange in Mexico) and to encourage the repatriation of the estimated $5bn which "left" the country before the devaluation.

Company and bank profits, admittedly very high in Mexico, will be squeezed this year and some small companies could go under because of the burden of high interest rates—an effective rate of about 46 per cent at the moment—and the extra pay rise.

All of this has created a severe political dilemma for the Government. Senior officials believe it would be politically and economically explosive to put the country into reverse gear for a time after four years in top gear, even though the circumstances dictate a period of austerity.

"Can you imagine the kind of border problems we would have with the U.S. if both our economies went into recession," said one frightened official. Several million Mexicans are already working illegally in the U.S. and Washington is trying to staunch the flow of illegal aliens.

President Lopez Portillo has already publicly implied that inflation is the price Mexico may have to pay in order to keep the country's social pressures under control.

Some 700,000-800,000 new jobs have to be created every year just to soak up the new entrants on to the labour market because of the explosive population growth rate of 3 per cent. And Mexico has created an astonishing 2.8m new jobs in the past four years with an average growth rate of 8 per cent.

But the Government's critics contend that growth and employment will be higher in the long run if the present lackadaisical approach to prices is abandoned. They point to the undeniable achievements of the Mexican economy during 1956-73, the period of "development with stability" when real growth averaged 6.6 per cent, with little oil backing, and inflation was in single figures.

Inflation can probably fairly be called the endemic disease of South America and Mexico is beginning to catch it. As elsewhere there is no doubt that a large part of the inflation problem lies with the Government's inability to control public spending. Last year's total public sector deficit (federal government and public companies) was 735bn pesos ($27bn) or a striking 12.5 per cent of Gross Domestic Product —double the target.

The very relaxed attitude towards public spending has been encouraged by the oil wealth. The external borrowing requirement has simply been expanded with oil as seductive collateral, or new pesos have been printed.

The Government set out to borrow $5bn net last year and ended up with $15bn although admittedly some of this extra amount was needed to make up the dramatic shortfall in oil revenue.

The Government claims that budget restrictions are now much more tightly enforced. But the 3 per cent cut in public spending announced right after the devaluation and the further 5 per cent reduction made this month do not in practice amount to a very severe tightening of the belt.

Even with these cuts this year's public sector deficit will be at least 9.5 per cent of GDP —a 3 per cent drop from last year, but still very high. The net foreign borrowing requirement of $11bn remains unchanged since it is still needed to cover the budget deficit which is unofficially estimated at a minimum of 405bn pesos.

The Government's revenue has been severely hit by the sacrifices it has had to make in order to meet the extra wage increases and stagnant oil revenues.

Furthermore, both the Government and the private sector will be strapped for cash to meet their debt service payments as the devaluation has greatly pushed up the cost of servicing the external debt. Interest payments alone on the total foreign debt last year were $9bn or 234bn pesos at the old exchange rate. Even assuming an average exchange rate this year of 45 pesos and a debt at the same level, which is not the case, interest costs will be 405bn pesos.

It is quite feasible that this year the estimated $13bn of oil revenue will be almost entirely swallowed up by meeting the interest and principal payments on the public sector debt of almost $60bn by the end of the year.

Apart from the inflationary wage increase, which will make budgetary restraint more difficult, the Government also has to contend with a very powerful private sector which has often succeeded in making a mockery of price controls.

After the devaluation, these were tightened on 5,000 items by limiting increases to 10 per cent until mid May. In the first month, up until the extra wage increase, over 3,000 commercial establishments, among them major department stores, were closed temporarily for breaking the controls in a show of Government strength. When the increase was announced, the Government relaxed some controls to appease businessmen.

In an uncanny way history is now repeating itself. Sr Lopez Portillo is leaving his designated successor, Sr Miguel De La Madrid, the former Planning and Budget Minister and the PRI's presidential candidate, very similar problems to those which he inherited in 1976 after an abrupt devaluation of 40 per cent.

But the situation is worse now, despite the fact that Mexico's oil wealth has grown enormously. One major reason is that unlike 1976, when there was no oil glut, Mexico cannot pump its way out of its crisis by increasing its oil exports. Pemex, the State oil concern, is having renewed difficulty in selling its output and will be lucky to earn this year the $13.3bn received in oil receipts in 1981.

Secondly, Mexico's key economic indicators—inflation, the foreign debt and the current account deficit, which will now be between $8bn and $10bn this year after last year's record $11.7bn, are proportionately worse.

Not surprisingly Sr De La Madrid is using his campaign to start to dampen down expectations. His will have to be a much more austere presidency.

Lombard

Perks—now the golden parachute

By Richard Lambert in New York

UK EXECUTIVES are underpaid, overperked and mainly concerned with job protection. Their U.S. counterparts, by contrast, are paid in hard dollars rather than soft expense accounts—and they are judged much more by their performance. If they do well, their paychecks are substantial. If they fail, they are fired.

That, at least, is the popular image of business in the U.S. —of a much more dynamic form of capitalism than is practised in Europe, which rewards risk takers if they succeed, and dumps them if they fail. The reality is rather different.

The proxy statements, which are now flooding out ahead of the season for shareholder meetings in America, show that some U.S. company directors are happy to make arrangements for themselves that might even have raised an eyebrow in the old Associated Communications' boardroom. Job protection, in particular, has been turned into a fine art. One innovation has become so widespread that it has already earned itself a nickname: after the Golden Handshake, make way for the Golden Parachute.

This is a cozy arrangement whereby directors who feel threatened by a hostile takeover arrange contracts which will give them a multiple of their salary if they should lose their jobs when a predator walks in. Independent oil companies like Conoco, Phillips and Superior showed the way during the recent wave of energy-related takeovers. And executives in such disparate groups as Kaiser Cement, United Technologies and Control Data have followed suit.

In some cases, the potential severance payments are so large that they could actually scare bidders away. Executives in Gulf Resources, for instance, stand to take away up to $13m if they lose their job after a takeover. This is more than the company made from its continuing operations last year.

Some golden parachutes will open even if you are not booted out of the plane. Before it was acquired by Du Pont, Conoco agreed that if someone bought more than 20 per cent of its shares, its chairman would be able to quit if he felt that as a result he could not discharge his duties — and take away a large lump sum by way of consolation. Superior Oil allows its protected executives to leave for any reason other than death, disability, wilful misconduct or normal retirement — and still collect their compensation.

The argument for this is presumably that it is no fun to be paid a large salary by your new boss—and then be told to prune the roses.

Takeovers apart, there are lots of other intriguing features in this year's proxy statements. Straightforward service contracts are commonplace. The chairman of American Broadcasting Companies, who is 76, is covered through to 1986—he also has a modified form of parachute in case he has to make a new start.

Then there is Allegheny International, which is lending executives money at 2 per cent, mainly—though by no means exclusively—to buy shares in the company. Fisher Foods has a bright idea: it wants to give executives interest free advances on their salaries.

W. R. Grace has gone a step further. Anxious to show their appreciation for chairman Mr Peter Grace, who has run the company on a tight rein for many years, the directors last summer voted him a $1m bonus. In cash.

One comfort is that many U.S. companies have formal systems of control, whereby executives' remuneration is supervised by independent non-executive directors. But independence is a matter of degree. The outside directors of AMAX, which last year turned down a takeover bid from Socal worth roughly twice the current market price, receive fees for consultancy and other services amounting to several hundred thousand dollars a year. Does this make them completely dispassionate observers of the company's affairs?

Fringe benefits are not just confined to the boards of large public companies. Indeed, the scope is even greater in private companies—for instance, to provide extensive insurance cover, company cars, or club memberships. It is not a coincidence that so many business conventions are held at holiday resorts.

One way or another, it looks as though the perk is yet another example of a British invention that has been taken over and exploited by the Americans.

Letters to the Editor

The question of voting shares in ITV companies

From the Deputy Director, General, Independent Broadcasting Authority

Sir,—Mr Kennard in his letter (April 20) about ITV company shares raises important matters.

We have to recognise that there are two aims, each good in itself, which are in apparent conflict: one is the authority's duty to supervise the control of programme companies, while the other is the desirability of those who invest in companies being able to have their due say in the way they are run.

The present structures of most TV companies stem from the desire of the original investors to secure marketability via a Stock Exchange listing for their shares. Reconciling this desire with the terms of the programme contracts (based on statutory provisions) for the authority to control the ownership of the voting shares has led to a relatively low proportion of voting to non-voting shares in most cases.

In the recent ACC case, the take-over bid was not in strictness for the TV programme company but for the holding company, ACC, which had a 51 per cent interest in Central Independent Television, the programme company for the East and West Midlands. The authority's power over the ownership of voting shares extended, however, both to those of ACC and to those of Central. The authority decided subject to stated conditions that it would not withhold its approval to the proposed acquisition of ACC by companies in which Mr Holmes à Court was interested. At the same time, its power in relation to the ACC voting shares enabled it to make strict requirements to secure that Central, the newly appointed TV company, did not fall under overseas control (which would disqualify it under the Broadcasting Act 1981, from continuing as a programme contractor). The same power would have enabled the authority, in the case of other bidders, to avoid a situation where control of the programme company passed into the hands of companies in whose selection as major participants in a programme company the authority had played no part.

The authority's exercise of its powers in the ACC case has not, therefore, been nugatory, as Mr Kennard seems to suggest.

Mr Kennard refers to the TSW arrangement. This is interesting and novel. The authority is continuing to give attention to ways of enabling programme companies to have a more flexible capital voting structure without at the same time endangering its ability to exercise a proper control over their composition.

Anthony Pragnell.
70, Brompton Road, SW3.

Directors' equity interests

From the Managing Director Tungum Hydraulics

Sir,—I feel compelled to comment on Mr Hood's one-sided view of directors' share interests (April 22).

His suggestion that the direction of business operations should only be allowed to persons with substantial equity participation is totally indicative of the negative thinking which will prevent this country once more becoming a substantial force not only in international markets but sadly also in our own.

Surely the answer is to encourage capable and professional management to attain positions of responsibility leaving those with capital free to invest in organisations which have the best potential for their risk. To assume that equity availability always equates to management skills is surely nonsense.

G. W. Burndred,
The White House, Arle, Cheltenham, Gloucestershire.

Still flying high

From the Manager, UK and Ireland, Qantas Airways

Sir,—I refer to the articles "Flying High" and "Shot Down" in "Men and Matters" (April 21). You may be interested to know that Qantas Airways became the first airline outside the U.S. to take delivery of and operate an American commercial jet. The first Qantas 707 arrived in Australia in July, 1959, and on its delivery flight became the first commercial jet to land in Honolulu.

The first commercial jet service between the U.S. and Australia was commenced by Qantas in July, 1959.

In 1959 BOAC commenced jet operations along the Kangaroo Route with Comet 4 aircraft between London and Sydney, and Qantas introduced 707s on this route at about the same time.

R. Jeppesen.
500 Chiswick High Road, W4.

The common fund for commodities

From the Executive Chairman, International Tin Council

Sir,—Brij Khindaria's article "New disputes threaten UN common fund" (April 21) leaves the reader with the wrong impression of the relationship between the proposed common fund for commodities (and the preparations for it to come into operation) and the international commodity organisation (ICO).

While acknowledging that only 22 countries have ratified the common fund agreement compared with the 90 countries needed to bring the fund into operation, Khindaria gives the impression that the delay in the fund coming into operation is because of disagreements with ICO.

This is certainly not true as far as tin is concerned. Nor is it true, I believe, in relation to the other commodities mentioned. One could hardly describe the fact that quite extensive discussions have been held with the UNCTAD secretariat on relevant documentation which has been prepared for the common fund preparatory commission or that a senior representative of the Tin Council secretariat attended the session of the preparatory commission mentioned, as an unwillingness to co-operate. The fact that modifications to the UNCTAD secretariat's suggestions were proposed to take account of the peculiarities of each of the ICOs and the special characteristics and operating practices of the markets involved for different commodities, is a sign of a desire to co-operate rather than the reverse.

It is also misleading to state, as Khindaria does, that the fund was conceived as a policy maker superior to the ICO. Such an idea has no basis in the common fund agreement. Nor does the notion that the fund would act as an arbitrator between conflicting demands (presumably of different ICOs) with authority to enforce its decision. The common fund agreement specifically provides that in the relationship between the fund and an ICO each institution shall respect the autonomy of the other.

Pursuant to Article 25 of the sixth International Tin Agreement, when the common fund becomes operational the Tin Council will be required to negotiate with the fund for mutually acceptable terms and modalities for an association agreement with the common fund. In the meantime the secretariat of the Tin Council stands ready to continue the co-operation already started with those who are working on the preparatory work for the common fund.

P. S. Lai.
1 Oxendon Street, SW1.

A future for the islanders

Sir,—The world has rightly condemned the Argentine invasion of the Falklands but it has not expressed a view on British sovereignty and indeed the British claim might not be upheld by many.

With the Argentine already providing so many services and communication facilities to the islands, it makes sound economic sense for the islanders that these ties should be strengthened. Britain is neither able nor willing to improve their economic circumstances and in my opinion would like to give up its responsibilities there, though not its foothold to the mineral and resource opportunities in the Antarctic region.

My solution to the crisis is that simultaneously the Argentine acknowledges British sovereignty to Georgia and the Falkland island dependencies; Britain acknowledges Argentine sovereignty to the Falklands themselves; the Falklands are exclusively administered by Britain for five years, jointly with the Argentine for a further five years and thereafter by the Argentine with guarantees which would protect the islanders' way of life for the following 20 years; and all combat forces withdraw from the area.

James Denholm,
36 Pickwick Road, SE21.

From Mr G. Henwood

Sir,—Although one has every sympathy for the islanders in their present plight, from the British taxpayers' point of view the issues are far more complex. Because of the activities of the Falklands and Antarctic Survey during the past 80 or so years which to date must have cost us in total several hundreds of millions of pounds, we now have extensive knowledge of the region, all embodied in a mass of freely available technical reports which, in view of our North Sea experience, are, I hope, familiar reading to BNOC, Peter Walker of BP and other interested parties.

I am sure the reports have been carefully studied by the Argentines. Unhappily I doubt if they are as familiar to our Foreign Office chaps and even more doubtful of the F.O.'s ability to appreciate their technical and economic significance for Britain's future when NS oil peters out. The vital point being that the Falkland Islands and South Georgia will be key elements in the inevitable future exploitation of the southern area resources.

G. A. Henwood.
Orchard Cottage, The Square, Brightwell, Wallingford, Oxon.

Simon Engineering expands to £20m

PRE-TAX PROFITS of Simon Engineering improved from £19.31m to a peak £20.33m for 1981, maintaining the group's record of unbroken profit growth since 1972.

However, after tax of £5.14m (£5.92m) minorities of £1.28m (£1.26m) and an extraordinary debit this time of £560,000, against a credit of £7.47m, profits at the attributable level emerged well down at £13.35m, compared with £19.61m.

Earnings per share are given as 53.6p (48.4p) before extraordinary items and as 51.5p (78.4p) after. An increased final dividend of 8.6p (8p) raises the net total by 0.6p to 12.6p per 25p share.

Full-year turnover of the group, whose interests lake in specialised machinery, process plant contracting, merchanting and storage and oil services, advanced from £324.14m to £339.77m.

The pre-tax figure included a share of profits of associates of £1.14m (£1.02m) and interest receivable less payable of £3.72m (£3.95m). It was also after higher depreciation of £5.77m (£4.74m).

The principal extraordinary item was a provision of £567,000, after tax relief, in respect of costs arising on the cessation of certain activities.

At six months pre-tax profits were £7.44m (£7.62m adjusted).

Commenting on the full results Mr Harry Harrison, the chairman, says much of the group's success was due to a long-term policy of increasing its international spread of business which has resulted in a growing contribution from these overseas activities.

The UK companies improved efficiency and reduced the competitive gap against overseas competitors, pursuing aggressive world-wide marketing policies and obtaining higher shares of limited international opportunities.

The group plans to continue its growth strategy by giving priority to investment in new processes and products.

The chairman hopes that the much-forecast upturn in the UK and world economies will soon be seen. However, when it arrives, he says, there is likely to be a time lag before it could be translated into an increased demand for capital goods and therefore 1982 will probably continue to be difficult for many group companies.

Nonetheless, "the group will continue to make efforts to improve its market and profit performance."

A breakdown of turnover and trading profit (£15.46m, against £14.34m) for the year shows: food engineering £68.11m (£67.36m) and £1.95m (£2.95m); manufacturing £51.01m (£49.6m) and £3.34m (£1.98m); process plant contracting £112.33m (£108.98m) and £3.35m (£3.2m); merchanting and storage £87.28m (£86.01m) and £3.76m (£6m); oil services £21.04m (£12.21m) and £2.04m (£1.14m). Central expenses totalled £979,000 (£937,000).

Current cost pre-tax profits were marginally lower at £14.29m (£14.5m). Earnings per share were 32.2p (30.3p) before extraordinary items and 30.1p (60.2p) after.

At year-end shareholders' funds stood at £88.9m (£73.5m). Fixed assets were up from £51.9m to £60.3m with cash and deposits, less overdrafts, at £43.4m (£47.1m).

See Lex

HIGHLIGHTS

Lex explores the implications of **Hong Kong Land's** latest piece of acquisition strategy—the purchase of the colony's monopoly supplier of electricity. **Ford UK** has reported 1981 profits of £220m while the balance sheet feature is a $1bn loan to the parent company. The column then goes on to comment on the latest figures from **Simon Engineering** which show a solid enough performance. **Clive Discount** has turned around from a first-half loss to a profit in the closing six months and shareholders receive a 1.6p dividend. Finally Lex looks at the latest institutional investment figures. On the inside pages **Brook Street Bureau** has slid into the red with a £1.53m loss.

Improvement seen at Utd. Ceramic

Exceptional Arctic conditions in January resulted in depressed sales at United Ceramic Distributors, but turnover has now improved and is reaching the levels experienced in the early part of 1981, says Mr P. S. Batlin, the chairman, in his annual statement.

The general market place for the company's products is still depressed, however, but the current level of turnover has been achieved by obtaining a larger share of the existing market. Any upturn in economic activity in the country should be reflected quickly in the company's performance, he says.

The profit sharing scheme which was referred to in the company's prospectus last year is now well advanced in preparation, and proposals should be ready to place before shareholders later this year.

As known, the company's pre-tax profits fell from £324,357 to £19,639. At the year-end, shareholders' funds stood at £968,815 (£1m). Net current assets amounted to £665,576 (£542,525). Cash and bank balances improved from £343 to £46,834. The decrease in liquid funds during the year was £114,954 (£66,270). Meeting: Stourbridge, May 21, at noon.

I & J Hyman deficit at £0.35m

PRE-TAX LOSSES of £346,000 for 1981, against profits of £521,000 previously, are reported by I. and J. Hyman, plastic foam converter and manufacturer. Turnover rose from £19.49m to £20.74m.

There is a nominal final dividend of 0.1p net, the interim having been omitted—last year's total was 0.8372p, including a 0.4136p final.

The directors say UK profits were minimal, as the company suffered severely in the final quarter, largely due to increases of more than 35 per cent in the cost of prime raw materials which could not be recovered.

There were also substantial bad debts arising from the continuing recession in the furniture industry.

However, they add, the situation has improved following better price levels for some products.

Overseas operations moved much more slowly than expected because of the recession but progress was maintained apart from the Canadian retail outlets.

Midterm profits before tax were down from £642,434 to £159,101.

There was a tax credit of £13,000 for the year, against a £108,000 charge, and an extraordinary debit of £112,000 (£34,000 credit). This represents reorganisation costs on reduction, closure or transfer of operations and overseas companies' goodwill written off.

Losses per 5p share are shown as 0.81p, compared with earnings of 2.31p, before extraordinary items.

On a current cost basis, pre-tax losses totalled £610,000 (£69,000 profits).

● comment

Hyman has been knocked sideways by a disastrous final quarter both at home and overseas with second half losses jumping to over £500,000 after interim profits of £160,000. In the UK its manufacturing plants, supplying the furniture and automotive industries in the main, were caught out by a 35 per cent price rise from October for its main raw material. That wiped out profit margins. Overseas its diversification into Canadian fabric retailing, bedding etc., equally came unstuck in the final three months. Whereas Hyman was looking for sales of $1.2m in the last quarter it only achieved $600,000 or so. Looking forward an easing in chemical costs plus a round of price increases to its customers has taken some of the pressure off trading margins from January. There is some intriguing talk about two more diversification moves but details, as yet, are thin. Meantime borrowings are up to around £3m which is probably getting close to a capital gearing ratio of one to one stripping out goodwill. The full accounts will paint a better picture. Meantime the price of 51p gives a market capitalisation of just £1.8m. The yield is a nominal 1.7 per cent.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Border and Southern Stockholders Trust, North British Properties, Safeguard Industrial Investments.

Finals: Astbury and Madeley, English National Investment, Farnell Electronics, John Laing, Lake View Investment Trust, London United Investments, Marlborough Property, Newarthill, Paramba, Silentnight, John C. Small and Tidmas, Tarmac, Tern-Consulate, Toye, Tozer Kemsley and Millbourn, Turrill, Wadkin.

FUTURE DATES

Interims—
North Midland Construction ... May 13
Royal Bank of Scotland ... May 6

Finals—
Belgrave (Blackheath) ... Apr 30
Bremner ... Apr 30
Brown Boveri Kent ... Apr 30
Central and Sheerwood ... Apr 28
Evered ... Apr 29
Fosoco Minsep ... May 4
Geers Gross ... May 4
Northern Goldsmiths ... May 7
Savoy Hotel ... †Apr 28
TR Natural Resources Inv. Tst. ... May 20
Tootal ... May 4

† Amended.

Recovery at Clive Discount

SHAREHOLDERS OF Clive Discount Holdings are to receive an increase in their dividend for the year ended March 31 1982. The directors are recommending a one and only payment of 1.6p net per share, after they omitted the interim. In the previous year there was a total of 1.5p, including an interim of 0.5p.

Disclosed profits for the year are shown ahead from £1.03m to £1.09m. These are stated after allowing for rebate, taxation and transfer to contingencies reserve. No account has been taken of the profit arising from the sale on April 1 last of half the group's holding in International Discount Company of Singapore.

At the halfway mark the group reported an overall loss after allowing for unrealised depreciation on assets held at September 30 1981 and for redundancy payments in respect of the closure of Clive Investments.

At the year-end shareholders' funds had increased by £695,000 to £6.72m.

Reserves have been strengthened significantly, providing a stronger base for operations in the current year, the directors state.

See Lex

Progress at Scottish Northern

Pre-tax revenue of Scottish Northern Investment Trust improved from £2.82m to £3.01m in the year to March 31 1982. After tax up from £956,983 to £1.07m, net revenue rose from £1.86m to £1.93m and stated earnings per 25p share were 3.6p against 3.46p. The final dividend is raised from 2.25p to 2.38p for an improved total of 3.58p against 3.45p.

Net asset value per share fell from 140.12p to 124.58p, and total assets, less current liabilities, totalled £73.87m compared with £81.43m.

Profits lower at Wire & Plastic

A SETBACK in pre-tax profits was shown at Wire and Plastic Products for 1981. The surplus fell from £379,099 to £313,303 on lower turnover of £2.37m against £2.51m.

In the second half taxable profits were lower at £142,591, compared with £203,776. The final dividend has been held at 1.22p which raises the total from 1.95p to 2.07p.

After tax of £108,163 (£140,255) and an extraordinary credit last time of £33,238 earnings per 10p share fell slightly from 6.84p to 5.87p.

Mr J. Valentine is resigning as chairman upon reaching 70. His place will be taken by Mr J. R. Symonds.

On a current cost basis pre-tax profits were £317,700.

Murray Northn. deb. repayment

Murray Northern Investment Trust is repaying the £600,000 4 per cent debenture stock 1964/84 at £101 per cent on July 27.

The directors took the decision to make repayment in advance of the due date of December 1 1984, in order to relieve a limitation on borrowings which is unduly restrictive in terms of the present size of the company's assets.

BLACKWOOD HODGE CANADA

First quarter pre-tax losses of Blackwood Hodge (Canada) are down by C$1.03m to $1.75m in 1982, on turnover slightly behind at $23.83m, against $24.95m.

After a tax credit of $880,000 ($1.38m) loss per share is shown as 35 cents (57 cents).

The company is 74 per cent owned by Blackwood Hodge of the UK.

CONSOLIDATED MICROGRAPHICS

Consolidated Micrographics (UK) has no longer any connection with AM International.

SPAIN

April 23	Price %	+or−
Banco Bilbao	348	
Banco Central	341	
Banco Exterior	305	
Banco Hispano	314	
Banco Ind. Cat.	110	
Banco Santander	330	
Banco Urquijo	202	
Banco Vizcaya	363	
Banco Zaragoza	246	
Dragados	154	
Espanola Zinc	88	+2
Fecsa	62.5	
Gal. Preciados	38.5	
Hidrola	63.2	+0.2
Iberduero	56	−0.5
Petroleos	90.2	+0.2
Petroliber	99	
Sogefisa	75	
Telefonica	70	
Union Elect.	63.7	−0.3

LADBROKE INDEX
Close 566-571 (+1)

Travis & Arnold £1.2m downturn at year end

ALTHOUGH second-half pre-tax profits of Travis and Arnold were much higher than those of the first, this builders' and plumbers' merchant and timber importer finished the 1981 year down by £1.22m at £5.37m pre-tax. Turnover also declined, from £97.88m to £90.41m, for the full period.

The directors say, however, that despite difficulties because of last January's severe weather, sales and trading profits for the first quarter of 1982 are somewhat ahead of the "rather weak" figures for the corresponding period a year before.

The company feels that some limited improvement in volume terms should be evident during the rest of this year.

Affected by the low level of construction activity, pre-tax profits in the first half fell from £3.12m to £2.01m.

Stated yearly earnings per 25p share are 19.7p (39.7p) and the net dividend is increased to 4.33p (3.94p) with a final distribution of 3.69p.

Trading profits, although better in the second half than the first, were still 31.6 per cent lower at £4.6m (£6.73m), and reflected the sharp volume decline in construction activity over the year and the resulting increase in competitive selling in the supply industry.

The company's efforts to maintain gross trading margins in these conditions were successful at some cost to market share, directors state.

Above the line, interest received amounted to £539,000 (£221,000 paid), profit on investments was £150,000 (nil), and there was a £63,000 (£84,000) profit on the sales of properties.

Tax charge was £1.99m (£2.4m)—there was also a transfer of £2.59m from deferred account last year—leaving a balance of £3.38m, compared with £6.79m. After dividends the amount retained was £2.62m (£6.09m).

Shareholders' funds at the year-end were up at £37.36m (£34.66m) and cash and short-term investments increased from £2.5m to £5.1m.

On a CCA basis the taxable figure was reduced to £4.2m (£3.99m).

● comment

It was a brave decision by Travis and Arnold to maintain gross margins last year. Not surprisingly, as a declining construction market intensified competition, it lost several established contracts. Even so the group came through 1981 intact. Two small units were closed and the workforce was trimmed by only 10 per cent. For the current year the company hopes to continue to hold gross margins and to contain overheads below the rate of inflation. Combined with the recent slight pick up in demand this leaves it not unreasonably hopeful of an upturn in the current year to around 1980 pre-tax profit levels. The share price yesterday rose 11p to 179p for a prospective p/e of 9¼. Meanwhile, now with around £7m in the kitty the group plans expansion both by developing green field sites and further acquisitions among the 2,000 or so small operators in the market. But its key takeover targets are very independent minded and the company remains, therefore, reluctant to pursue them.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Brook St Bureau	0.1	July 30	1	0.1	2.14
Clarke Nickolls	2.75	—	2.25	4.5	4
Clement Clark	1.74	—	1.51	3.01	2.67
Clive Discount	1.6	June 16	1.0	1.6	1.5
Gopeng Cons. ... 1st int.	4	July 5	4	—	17
I. & J. Hyman	0.1	June 21	0.41	0.1	0.83
Lowland Inv. ... int.	1.9	June 11	1.75	—	4.35
S. Lyles ... int.	2.5§	June 1	2.0	—	6.25
Simon Engineering	8.6	July 1	8	12.6	12
C. C. Slingsby	0.6	July 8	1.8	1.2	2.4
Travis & Arnold	3.69	—	3.3	4.33	3.94
Viking Resources	0.4	July 7	0.4	0.8	0.8

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § To reduce disparity.

Global Resources dissidents disclaim Cornfeld connection

BEAR, STEARNS AND CO, the New York investment bank, moved yesterday to quell speculation over the weekend that Mr Bernie Cornfeld, the former head of International Overseas Securities (IOS), is involved with the group of U.S. shareholders in Global Natural Resources who are seeking to replace the board at Global's next annual meeting.

The bank, which is advising the dissident shareholders' group, said the group "has had no direct or indirect contact" with Mr Cornfeld.

Global is a Jersey-based energy sector investment company. It was set up to take over certain oil and gas assets, then thought to be worthless, held within the IOS group. Its shares were distributed to IOS shareholders. Mr Frank Beatty, president of Global's board, is himself a former employee of the IOS group.

The dissident shareholders hold 5.1 per cent of Global's equity. They have indicated that they intend to propose a replacement of the entire existing board. Their seven nominee directors include Mr Alan Greenberg, chief executive of Bear, Stearns; Mr Marvin Warner, a former U.S. ambassador and Mr Marvin Watson, a former director of Occidental Petroleum.

The present board, advised by Hambros Bank, has rejected the nominees' assertion that they will manage Global to better effect. The company has assets of about $500m (£281.53m) and a statement last week insisted that its critics "totally fail to produce any adequate evidence" that they could improve the company's results.

Yesterday's announcement by Bear Stearns regarding Mr Cornfeld added: "He is not, and will not be, in any way involved" with the U.S. shareholders' group and it would not support any nomination of Mr Cornfeld for election to the board.

Global's annual meeting was scheduled for June 4. However, the company's annual report, which was delivered to the Stock Exchange yesterday, is understood to contain no confirmation of this date and no formal notice of the meeting has yet been given.

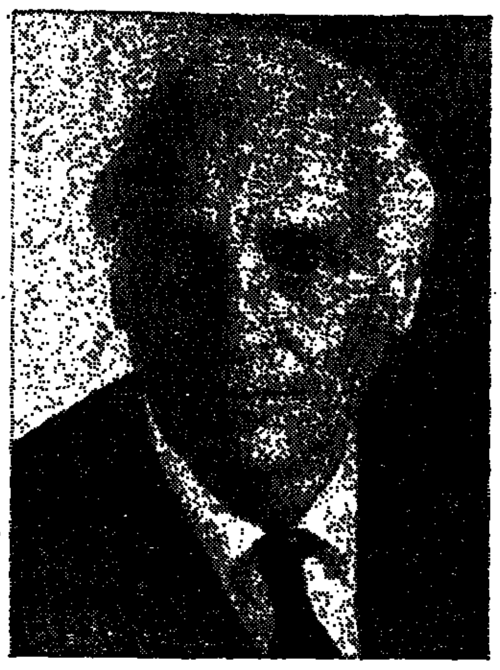
Improvement for Viking Resources Tst.

Pre-tax income of Viking Resources Trust, investment trust, rose to £737,340 for the year to March 31 1982, compared with £456,916 previously. Tax was higher at £357,396, against £165,479, but stated earnings per 25p share came through 0.15p ahead at 0.95p.

A final dividend of 0.4p (same) maintains the net total at 0.8p. Net asset value per share is given as being lower at 53.02p (105.93p)—with the fall due mainly to a general downturn in prices of the smaller U.S. exploration and service companies.

However, the directors believe that the portfolio is well placed to benefit from the expected recovery in prices in the current year. As at year end, more than 90 per cent of the company's assets were invested overseas, predominantly in the U.S.

Record profits reflect a good spread of activities and planned, steady growth



Summary of Group Results

Year ended	28th Feb. 1982 (£ millions)	28th Feb. 1981 (£ millions)
Group operating profit	49.8	44.4
Share of Associated Companies' Profits	0.8	0.7
	50.6	45.1
Subordinated loan interest	1.4	—
	49.2	45.1
Payable to Staff under Profit-Sharing Schemes	2.0	1.8
Group Profit before Tax	47.2	43.3
Total Assets	4,359	3,568
Proprietors' Funds	302	238

Extracts from the Statement by the Governor, Mr. Thomas N. Risk

The Year's Results

The Group's Operating Profit for the year ended 28th February, 1982 was £49.8 million. After including our share of Associated Companies' profits, the total amounts to £50.6 million. The completion of the year sees Proprietors' Funds exceeding £300 million for the first time in the Bank's history.

The Clearing Bank's own profit, at £34.2 million, was £2.2 million less than that of the previous year. Net interest earnings on sterling business were modestly better, in spite of an average Base Rate of 13.27%, substantially lower than the corresponding figure of 15.83% last year. The average level of sterling lending was some 26% greater but in the conditions of economic recession an increase in provision for bad debts was to be expected and this factor reduced the benefit from the greater volume. In foreign currency business, the average level of lending was also higher. Commissions and service charges have increased by 26% and operating expenses rose by some 15%.

Profit of North West Securities Limited and its Associated Companies amounted to £10.9 million, a new record and rather more than double the figure of the previous year.

The British Linen Bank Limited and its Associated Company produced a profit of £4.1 million, some 24% higher than last year.

£1.4 million is required in respect of interest on the subordinated floating rate notes issued during the year and £2 million has been allocated to the Group's Staff under the Staff Profit Sharing Schemes, after which the profit, before extraordinary items, amounts to £47.2 million. Under the extraordinary items, the major element is the debit of £7.4 million in respect of the levy on banking deposits imposed by the Government in last year's Finance Act; while a significant credit item represents the surplus on the sale of our 10% interest in Banque Worms S.A. following nationalisation by the French Government. After extraordinary items and tax, profit attributable to the Proprietors emerges as £39 million.

Dividend

The Board recommend payment of a Final Dividend of 11p per £1 Capital Stock, making a total for the year of 21p. This represents an increase of 20% over the total of 17.5p paid last year.

Balance Sheet

In the consolidated Balance Sheet, advances and other financings amount to £3,155 million, while Deposits to fund the lending and other assets total £3,790 million.

During the year and in view of the level of foreign currency business we now undertake, it was decided to issue U.S.$100 million of Floating Rate Notes, through a specially formed subsidiary, Scotland International Finance B.V. The issue was carried through most successfully. In a year in which we considered it right to take steps to improve our capital position for the development of our business and to enable us to serve our customers better through difficult times it is regrettable to say the least that the Government should have virtually confiscated part of our capital base.

The Past Year

These results have been achieved in a year which started unpromisingly for the banks, with the Chancellor's misconceived levy and continued to disappoint the hopes of all who have looked for the elusive signs of revived business activity. The Group's profits reflect both the impact of lower interest rates and the offsetting advantages of a good spread of activities with planned and steady growth in all of them.

The domestic activities of the Bank still provide much the biggest single contribution to Group profits. The business is growing both in Scotland and in England where, despite the powerful competition, there is a profitable place for a Bank of our size and character. At the same time, we are expanding our operations overseas as and when we can see profit in doing so.

Regional Policy in the United Kingdom

The majority Report of the Monopolies and Mergers Commission, approved by the Secretary of State for Trade in January 1982 was represented by some as a largely Scottish issue. It was not. The Report clearly recognised the importance to the United Kingdom of slowing the process of centralisation and of encouraging independent local centres of business initiative. It is vital for the health of the United Kingdom as a whole that there should be a variety of effective countervailing forces with their headquarters in the regional centres.

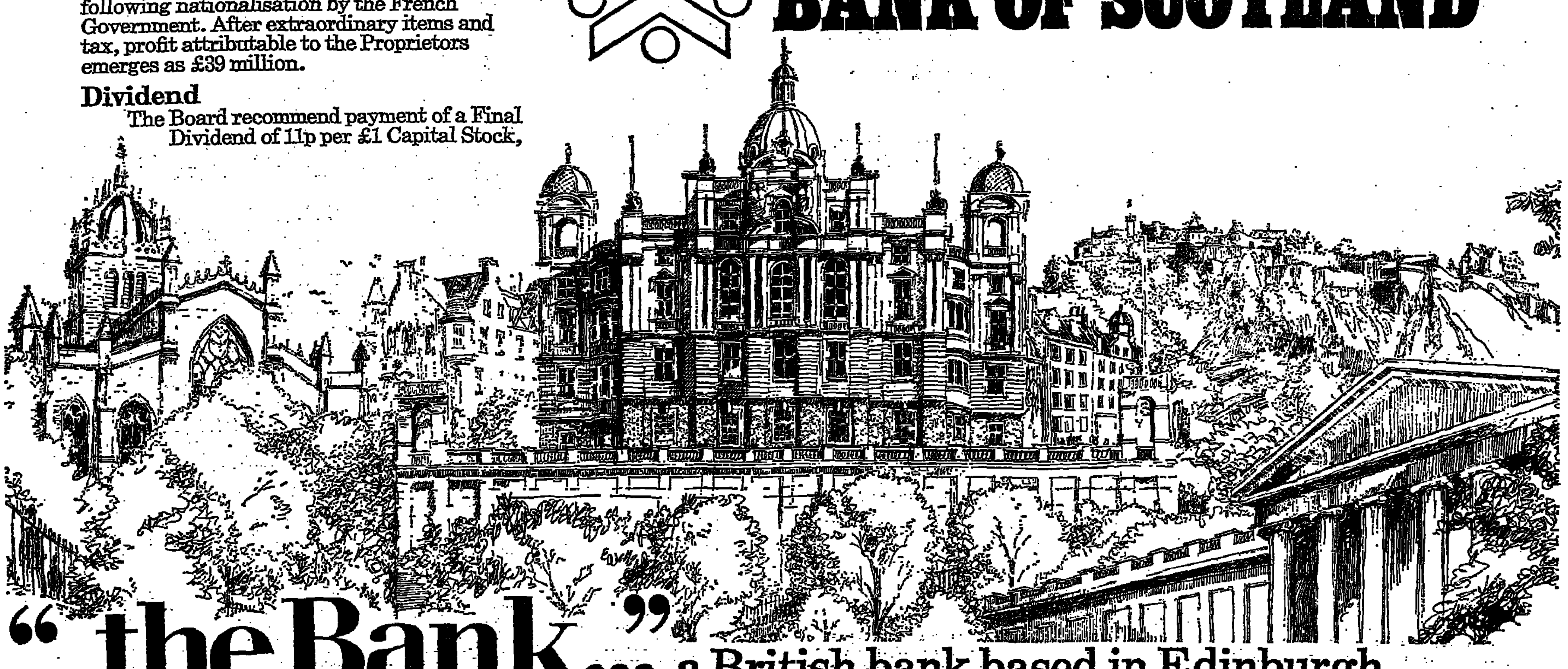
The Year Ahead

This time last year we were looking forward to a prospect of somewhat lower interest rates which has been fulfilled in some measure though the corresponding improvement in the economy is still not evident. However, there is reason to hope that we shall see a further reduction in rates during this year and that this will lead to an increase in commercial and industrial lending stemming from a healthy and sustainable upturn in economic activity. The Bank is ready and well equipped to meet whatever challenges and opportunities the year may bring and morale is high.

Salient Features
from the Annual Report

* Group pre-tax profits increased by 9%. Total resources up by 22%. Dividend increased by 20%
* Proprietors' Funds exceed £300 million for the first time.
* Free capital improved to a healthy 5.5%.
* Operating expenses continued to grow – but at a more moderate level.
* Government levy takes £7.4 million.
* Small business schemes actively supported by the Bank.
* Oil and energy business fulfilling all promises.
* Strong marketing stance in personal and business sectors.
* International business continues to grow: issue of $100 million Floating Rate Notes.
* Record profits from North West Securities and British Linen Bank.

BANK OF SCOTLAND



"...the Bank..." a British bank based in Edinburgh.

MINING NEWS

Mary Kathleen to make small profit this year

BY GEORGE MILLING-STANLEY

THE Rio Tinto-Zinc group's Mary Kathleen uranium mine in north-western Queensland expects to make a small profit this year, with the greater proportion of this coming in the first half when most deliveries are to be made.

Mr J. L. Liebelt, chairman, told the annual meeting that the average price for uranium oxide is expected to be slightly lower in 1982 than last year. However, as prices are denominated in U.S. dollars, the continued weakness of the Australian dollar will tend to offset the effect of lower prices.

Mr Liebelt thus made his profit forecast conditional on there being no major change in the relationship between the two currencies.

The company, which paid a dividend of 8 cents (1.2p) last year, expects the payment of modest dividends to continue, but the amounts will depend on the cost estimates for rehabilitation work after the planned closure of the mine towards the end of this year.

Mary Kathleen has brought forward its planned closure date from the middle of next year largely because it ranks as a high-cost producer, and the limited ore reserves make a continuation uneconomic.

The company has adopted an aggressive exploration policy with a view to extending its reserves, but this has failed to find deposits of economic significance and has now been discontinued.

The present plan is to wind up the company after it has fulfilled its sales commitments and rehabilitated the land, but the timetable for this has not yet been finalised.

Mr Liebelt offered some comfort for other uranium producers when he gave his opinion that demand and supply will be in balance later this decade.

Mary Kathleen is owned as to 51 per cent by CRA, in which the RTZ group has a 57.2 per cent interest.

Prices hit Philippines groups

THE CURRENT worldwide weakness in metal prices has caused Benguet, the leading producer of copper and gold in the Philippines, to announce that it is suspending dividend payments.

The company said the suspension would remain in force until there is an improvement in metal prices, reports Leo Gonzaga from Manila.

In spite of the generally unfavourable conditions, Benguet had its second most profitable year ever in 1981, with net profits of Pesos 190.7m (£13.3m).

The weakness in metal prices was offset to some extent by an expansion in mill throughput.

Two smaller Philippines mining companies, the chromite-producing Trident Mining and Industrial and Zambales Base Metals, a manganese producer, have asked the Securities and Exchange Commission for protection from their creditors.

The concerns have asked the SEC to declare them in a "state of suspension of payments," which would prevent creditors from instituting foreclosure proceedings on their assets.

The SEC has already taken this action on behalf of Consolidated Mines, which receives its income from a chromite property operated by Benguet now that it has ceased copper production.

Also in the Philippines, the medium-sized copper-gold-silver producer CDCP Mining announced a net loss of Pesos 201.3m for last year, compared with a profit of Pesos 364,000 in 1980.

Lower metal prices and high interest charges were the main problem.

Development of Erfdeel delayed by Anglo

SOUTH AFRICA'S Anglo American Corporation disclosed yesterday that the big new Erfdeel/Dankbaarheid gold mine will be affected by the recently-announced postponement of certain capital expenditure projects within the group.

Anglo said it has decided to defer the sinking of the Erfdeel No. 1 main shaft by at least six months, and will make no new spending commitments until after September 30, the financial year-end of Western Holdings. This is the gold mining complex within which the new supermine is situated.

The sinking of the No. 1 ventilation shaft and other relatively minor projects already under way will go ahead as planned.

In last week's quarterly reports from the Anglo group gold mines, many of the companies indicated that they were deferring certain capital projects until the short-term outlook improved.

Erfdeel has obviously been included because, although of substantial size, the deposit is comparatively low grade.

Setback for Homestake

LOWER INCOME from gold and a loss on silver operations gave Homestake Mining, the biggest gold producer in the U.S., net profits for the first quarter of this year of $2.41m (£1.36m), compared with $12.74m at the same stage of 1981.

Operating earnings from gold fell to $4.1m from $15.3m, while silver activities produced an operating loss of $685,000 against a profit of $1m.

Lead and zinc also performed poorly, leaving the company's uranium operations as the sole bright spot. Earnings from this division more than trebled to $3.4m.

Simon Engineering increases profit for tenth year

Preliminary announcement for the year ended 31 December 1981

Group results	1981 £000	1980 £000
Turnover	339,773	324,139
Profit before tax and extraordinary items	20,328	19,313
Profit after tax and before extraordinary items	15,186	13,391
Profit before extraordinary items, attributable to Simon Engineering plc	13,909	12,134
Extraordinary items	(560)	7,472
Profit attributable to Simon Engineering plc	13,349	19,606
Dividends paid:		
Preference shares: 6% (now 4.2% plus tax credit)	39	39
Ordinary shares of 25p each: Interim 4p per share (1980—4p)	1,041	993
Proposed dividend:		
Ordinary shares of 25p each: Final 8.6p per share (1980—8p)	2,237	2,053
	3,317	3,085
Profit retained	10,032	16,521
	13,349	19,606
Earnings per ordinary share:		
Before extraordinary items	53.6p	48.4p
After extraordinary items	51.5p	78.4p

Extraordinary items: The principal extraordinary item is a provision of £0.567m (after tax relief) in respect of costs arising on the cessation of certain activities.

Ordinary dividend: The directors recommend a final dividend of 8.6p per ordinary share, making a total dividend for the year of 12.6p per ordinary share (gross equivalent 18.0000p, 1980 17.1429p). The final dividend, if confirmed at the annual general meeting to be held on 14 June 1982, will be paid on 1 July 1982 to members registered on 2 June 1982.

Balance sheet	1981 £m	1980 £m
Fixed assets and associated companies	60.3	51.9
Cash and deposits, less overdrafts	43.4	47.1
Other net current assets	7.3	(5.6)
	111.0	93.4
Shareholders' funds	88.9	73.5
Minority interests	8.5	7.6
Loan capital	10.3	8.2
Provision for pensions	0.6	0.7
Future and deferred taxation	2.7	3.4
	111.0	93.4

Remarks by the chairman, Harry Harrison

The severe economic recession of the last two years has been a difficult period but we have come through it well, we have kept up our record of unbroken profit growth since 1972 and have further improved the strength of our balance sheet. For the first time in the history of the group our pre-tax profit has exceeded £20m and against the background of depressed world trading conditions this must be seen as a commendable performance and a tribute to all who work in our group.

Much of our success is due to our long-term policy of increasing our international spread of business and we now benefit from a growing contribution from these overseas activities. Our UK companies have also adjusted well, even at generally lower activity levels, in improving efficiency and in reducing the competitive gap against their overseas competitors. They have pursued aggressive world-wide marketing policies and have obtained higher shares of what have been limited and fiercely-contested international opportunities.

We shall continue to support these efforts and maintain our growth strategy by giving priority to investment in new processes and products.

It is hoped that we shall soon see the much-forecast upturn in the UK and world economies but even when it arrives there is likely to be a time lag before it can be translated into an increased demand for capital goods, and 1982 will probably continue to be difficult for many of our companies. Nonetheless, we shall continue to make every effort to improve our market and profit performance.

BIDS AND DEALS

Globe Trust moves into international management

Globe Investment Trust, Britain's biggest investment trust, is moving into the international fund management market and has set up a Bermuda and New York operation to manage investment portfolios on a worldwide basis for international institutional and private clients.

Globe has hired Mr Francis Finlay, head of Morgan Guaranty's international investment department in New York, to be chief executive of Globe International, the new Bermudan subsidiary.

Globe International has also formed Globe Finlay Inc, in New York, to specialise in international management for U.S. accounts, and Mr Finlay, an Englishman, who has worked abroad for 12 years, will also be president and chief executive of this organisation.

Mr John P. Clay will be chairman of Globe International and Mr Ralph di Fiore, currently director retirement funds management of McDonnell Douglas Corporation, St Louis, Missouri, has been appointed senior vice-president of Globe Finlay Inc.

Mr John Clay said yesterday that the purchase of the Tyndall group of fund managers, in January 1980, had given the group access to domestic related investment cash flow and the latest move was intended to tap international institutional cash flows.

CLUFF ACQUIRES STRATTON OIL

Cluff Oil has entered into an agreement to acquire Stratton Oil Exploration in exchange for 335,000 of its £1 shares.

Stratton was formed for the purpose of applying, in association with Cluff, for a licence in the Sixth Round and its sole asset is a 4.9 per cent interest in Licence P306 (Block 20/8), for which Cluff is the operator.

July resumption for A. Walker dealings

DEALING ARE expected to resume in property group, Alfred Walker, at the beginning of July to conclude 11 months' suspension while the de-merger of the parent company is effected.

Terms of the de-merger have now been finalised. The development arm, Walker West, is being taken out of the group with a value of £700,000 and will retain its quotation. The remaining construction interests will be run as a private company by the chairman Mr Raymond Walker and his son.

Walker West, a residential development group operating principally in Devon will be transferred to a new company, Alfred Walker.

The 58 per cent of the equity, not already controlled by Mr Walker and his son, will be cancelled and holders will be issued with new shares in the public company on a one-for-one basis.

The chairman and chief executive of the de-merged company will be Mr John Donachie, formerly managing director of property group Chown Securities, who will acquire 15 per cent of the shares from Walker family trusts.

Mr Louis Peralta, who will be a non-executive director, will also buy 15 per cent.

To comply with the provisions of Section 34 of the Takeover Code, thereafter, a general offer will be made for the entire capital at 40p per share. Merchant bank, Brown Shipley, will place a further 8 per cent of the Walker family trust's stake with institutional clients at 39p per share. Asset backing is 48p per share.

LONDON & L'POOL

Under an option granted to Consult International (a company controlled by Mr R. A. Shuck), Management Advisory Services (controlled by Mr G. W. Cross), and Castlebridge (controlled by Mr J. B. Russell), which became unconditional on March 31 1982, these companies became interested jointly and severally in up to a maximum of 1,666,667 additional ordinary shares of London & Liverpool Trust. The option will expire if not exercised by October 31 1982.

Mr Shuck and Mr Cross are also interested personally in these shares by reason of their controlling shareholdings in Consult and Management Advisory Services.

TWO ACQUISITIONS BY C. H. BEAZER

C. H. Beazer (Holdings) purchased the capital of Price and Pierce Machinery, Taunton, and Price and Pierce Machinery GmbH, Essen from the Tozer Kemsley Group, on April 22.

The consideration paid on acquisition amounted in aggregate to £301,438 in cash, which may be subject to minor subsequential adjustment.

Both companies will continue operations from their existing premises, but their respective names will be changed to C. H. Beazer Machine Co. at Taunton, and C. H. Beazer Machine GmbH, at Essen.

Beazer says in connection with its recent rights issue acceptances have now been received in respect of 2,274,273 new ordinary (94.5 per cent). The remaining 131,267 new ordinary have been sold in the market at an average net premium 14p per share.

AITKEN HUME

Aitken Hume has completed its acquisitions of Investment Intelligence and Key Fund Managers, with both offers becoming fully unconditional. Its offer to acquire The Mutual Unit Trust Managers has been accepted in respect of 100 per cent and has also been declared fully unconditional.

The Stock Exchange has admitted to the Official List the new ordinary shares of 25p each and the 10 per cent convertible unsecured loan stock, 1990-91, issued by Aitken Hume in connection with the acquisitions.

LINFOOD COMPLETES

Linfood Holdings has completed the sale of its delivered wholesale business to a company, AFD Holdings, formed for the purpose by six senior managers of the business.

Consideration was about £21m settled by a cash payment of £14m and the issue to Linfood by AFD of £7m of loan notes. It was based on an estimate of the value of assets purchased by AFD and the repayment of intra-group indebtedness.

FEDERATED LAND

Lazard Brothers and Co. has announced that acceptances of the offers made on behalf of Federated Land for Estates and General Investments have been received for 1.07m ordinary stock (5.9 per cent) and 133,901 preference stock (37.7 per cent).

The formal offer on behalf of Tarerose, wholly owned by the Trustee of the British Steel Pension Fund, to acquire Federated is being despatched to Federated shareholders shortly. The Directors of Federated have been advised that the Trustee has now acquired shares which, represent more than 50 per cent of the share capital.

The directors of Federated have decided that Federated's offer to acquire the capital of Estates should lapse.

SHARE STAKES

Renold—Prudential Corp has acquired 425,000 ordinary units and now holds 2,847,872 (7.0576 per cent).

Land Securities—Prudential Corp holding now amounts to 26,052,333 (7.61 per cent).

J. Jarvis and Sons—Shepherds and Chase, acting on behalf of a client, prepared to buy up to 150,000 ordinary at 335p per share until further notice.

Guest Keen and Nettlefolds—J. F. Donald, a director, has disposed of 6½ per cent convertible unsecured loan stock to a nominal value of £250,000.

Equity Law Life — Kuwait Investment Office is interested in 1.4m ordinary (6.98 per cent). British Rail Pension Trustee is interested in 1.237m ordinary (6.16 per cent).

Richard Clay—Trustees of the Glynwed Group 1974 Pension Scheme purchased 250,000 ordinary shares on February 1 making holding 550,000 shares (6.15 per cent).

Godfrey Davis Holdings — Hume Investment Trust has disposed of 1,750,000 ordinary (1.58 per cent) leaving a holding of 2,625,000 shares (17.36 per cent).

Vinten Group—C. M. Brown, director, has disposed of 20,000 ordinary shares reducing holding to 20,000 shares (0.1098 per cent).

Jackson Exploration Inc.—Melvin W. Jackson Jnr, chairman, has sold 75,000 shares.

Property Security Inv. Tst.—L. N. Tucker, director, has ceased to be interested in 39,000 ordinary shares reducing holding to 2,101,298 shares.

Town and City Props.—R. G. Jennings, director, has sold 47,000 ordinary shares.

Marley—Directors O. A. A. Aisher, R. A. Aisher, T. J. Aisher, and W. J. W. Courtney each acquired 75,000 ordinary under share purchase scheme.

Ewart New Northern — Amadeus Co. has acquired further ordinary shares bringing holding to 92,997 shares (14.338 per cent).

Berwick Timpo — Camparo Group purchased 150,000 shares increasing holding to 360,000 (6.4 per cent).

Habit Precision Engineering—Following the recent purchase of 30,000 ordinary the interest of Wymanor Investments controlled by the chairman of the company, Mr J. E. M. Mayne, has increased to 800,000 (24.0 per cent).

Bremar Trust — G. M. Simmonds and R. L. Owen sold a total of 400,000 ordinary to institutional clients of Charles Stanley & Company. Proceeds will be utilised to reduce personal borrowings. G. M. Simmonds remains interested in 245,000 ordinary and R. L. Owen in 181,800 ordinary.

RESULTS AND ACCOUNTS IN BRIEF

RENTOKIL (timber preservation, pest control)—Results for 1981 reported March 5. Shareholders funds £33.71m (£29.64m): long-term loans £1.65m (£1.48m): fixed assets £22.55m (£20.83m): current assets £39.65m (£32.98m): current liabilities £27.62m (£23.08m): decrease in net liquid funds £2.44m (£1.43m increase). Directors expect "healthy" increase in profits in 1982. Meeting: East Grinstead, May 4, 10.30 am.

IBSTOCK JOHNSEN (brick manufacturer)—Results for 1981 reported April 3 with prospects. Group fixed assets £54.29m (£50.15m); net current assets £12.85m (£9.95m): shareholders' funds £54.67m (£46.19m): net cash balances decreased by £10.5m (£9.49m). Meeting, Hyde Park Hotel, W, May 12 at 11.30 am.

ASH AND LACY (metal and plastic sheeting manufacturer)—Results for 1981 reported April 7. Group fixed assets £6.42m (£5.67m). Net current assets £8.04m (£8.16m)—short-term Government securities £2.15m (£1.1m); short-term deposits £1.45m (£2.02m) and overdrafts £273,000 (£342,000). Meeting, Edgbaston May 10 at noon.

CATTLE'S (HOLDINGS) (financial services, retail trading, insurance broking)—Results for 1981 and prospects reported March 23, 1982. Shareholders' funds £8.69m (£8.42m): fixed assets £5.15m (£5.18m): current assets £34.35m (£35.52m): current liabilities £25.3m (£27.07m). Increase in working capital £575,000 (£1.3m decrease). Meeting: Hull, May 13.

ENGLISH AND SCOTTISH INVESTORS—Results for year to January 31 1982 reported February 22. Shareholders' funds £37.05m (£33.38m); loan capital £3.42m (£1.3m). Investments at valuation £38.83m (£34.39m). Net current assets £1.65m (£0.29m). Liquidity increased £0.32m (£3.7m). Meeting: 2 St Mary Axe, EC, May 12, 2.30 pm.

CHARTERHOUSE PETROLEUM (oil and gas exploration and production)—Results for 1981 reported March 17. Shareholders' funds £32.99m (£31.1m): medium term borrowings £3.31m (£4.59m): fixed assets £18.8m (£18.42m); net current assets £28.48m (£24.57m) including short-term borrowings £2.26m (£1.87m): increase in net liquid funds £5.4m (£23.95m). Meeting: Ironmongers Hall, EC, May 13, 11.30 am.

APPLEYARD GROUP (vehicle distributor)—Results for 1981 reported March 30. Shareholders' funds £7.32m (£9.01m): loans £2.72m (£2.78m): fixed assets £6.07m (£6.59m): net current assets £3.47m (£4.68m) including secured bank overdrafts £2.94m (£540,000); increase in net borrowings £2.34m (£4.14m decrease). Accounts for 1981 show provision of £43,000 compensation to a director for the termination of his executive appointment. Meeting, Leeds, May 13.

RUBEROID (building products, contracting, resin, paper and plastics)—Results for 1981, reported April 8, 1982. Group fixed assets £9.87m (£8.8m): investments £1.18m (£1.08m): net current assets £3.47m (£4.88m). Shareholders' funds £14.16m (£11.32m). Cash balances increased £312,000 (£51,000 decrease). Chairman says interest informs him that company will continue on its planned course of profitability. Meeting, Dorchester Hotel, W, May 13, 12.15 pm.

GRAMPIAN HOLDINGS (construction plant hire, transport, light engineering and retailing)—Results and prospects for 1981 reported March 31, 1982. Fixed assets £12.77m (£12.47m): net current assets £2.94m (£5.48m). Shareholders' funds £14.47m (£15.56m). Decrease in net liquid funds £445,000 (increase £134,000). Meeting: Glasgow, May 14.

WILLIS FABER (insurance broker)—Results for 1981 reported March 24. Group shareholders' funds £56.59m (£50.28m). Loans £9.2m (£6.2m). Fixed assets £27.26m (£27.99m). Net current assets £12.72m (£8.56m). Investments £23.09m (£18.18m). Capital commitments £10.71m (£1.75m). Chairman says group is in a sound condition, the directors are alert to opportunities and have confidence in the future. Meeting, 10, Trinity Square, EC, June 2, at noon.

S. CASKET (HOLDINGS) (clothing distributor and retailer)—Interim dividend 0.5p (same)—waiver on 400,030 ordinary. Sales for half year to December 31 1981 £9,633,000 (£9,082,000) and profit £256,030 (£252,000), tax nil (same). Trade generally is difficult with margins under pressure and in retail particularly continuing High Street recession is still affecting results, say directors.

ALBANY INVESTMENT TRUST—Final dividend 1.45p making 2.05p (2p) for year to February 28 1982. Net revenue £113,073 (£110,260) after tax £55,518 (£53,030). Net asset value per share 54.54p (53.7p).

MACFARLANE GROUP (CLANSMAN) (packaging, plastics, warehousing)—Results for 1981 with prospects reported April 6. Shareholders' funds £9.04m (£8.26m). Fixed assets £7.28m (£7.52m). Net current assets £2.07m (£0.98m). Bank overdraft £0.61m (£1.98m). Increase in bank balances and short-term deposits £1.07m (£1.86m decrease). Meeting, Glasgow, May 18.

FIRST CO-OPERATIVE FINANCE (formerly FC Finance)—No ordinary dividend (nil) for 1981. Turnover £65.75m (£64.58m). Pre-tax loss £1.73m (loss £204,000) after interest £7.09m (£9.21m), but incorporating associates profits £165,000 (£184,000). Tax £84,000 (credit £161,000). Extraordinary credit £929,000 (nil)

J. E. ENGLAND AND SONS (convenience foods)—Results for year ended January 2, 1982, already known. Group fixed assets £708,717 (£663,207) shareholders' funds £370,109 (same): net current assets £465,251 (£402,459). Meeting, Wellington, Telford, Shropshire, May 27, noon.

PORTALS HOLDINGS (water treatment, engineering, papermaking)—Results for 1981, reported April 8, with prospects. Group fixed assets £44.65m (£34.57m): shareholders' funds £63.11m (£49.72m): loan capital £0.02m (nil): net current assets £38.49m (£25.3m): increase in deposits and bank balances, less overdrafts £22.91m (£433,000). Meeting, Howard Hotel, WC, May 20, 12.30 pm.

SLOUGH ESTATES (industrial and commercial property development)—Results for 1981 and prospects reported March 25 in full preliminary statement. Group shareholders' equity £245.61m (£283.42m). Net loans and overdrafts £29.39m (£47.02m). Fixed assets £488.12m (£391.94m). Current assets £32.61m (£15.14m). Current liabilities £24.25m (£17.91m). Net assets employed £501.02m (£382.12m). Meeting, The Savoy Hotel, London, W, May 19, 2.30 pm.

WILLIAM BAIRD (manufacturer and distributor of clothing, knitwear, casual wear and engineer)—Results for 1981 reported April 7. Shareholders' funds £118.12m (£118.83m): current assets £82.75m (£87.6m), including debtors £25.36m (£19.73m): net assets £52.93m (£48.09m). Meeting, Glasgow, May 20, noon.

FIRMIN AND SONS (badges, buttons, military ornaments)—Results for 1981 reported March 25. Shareholders' funds £1.6m (£1.49m). Fixed assets £676,000 (£703,000). Current assets £1.64m (£1.39m), including bank, cash and short-term deposits £173,000 (£296,000): current liabilities £705,000 (£579,000), including bank overdraft nil (£93,000). Directors intend to pay net interim dividend of 1.5p (1p) for current year to reduce disparity between interim and final payments. They are hopeful of satisfactory year. Meeting: Birmingham, May 19, 12.15 pm.

F. J. C. LILLEY (construction, manufacturing)—Results for year ended January 31, 1982, reported April 16. Group fixed assets £23.29m (£14.84m); net current assets £16.32m (£15.58m): shareholders' funds £34.45m (£28.69m). Meeting, Glasgow, June 1, noon.

WM. MORRISON SUPERMARKETS—Results for year ended January 30, 1982, reported April 16. Group fixed assets £31.19m (£26.31m): net current liabilities £5.63m (£4.68m): shareholders' funds £25.45m (£21.51m): net liquid funds increased by £442,000 (£823,000). Chairman says trading during first two months of current year slightly down in volume terms. Meeting, Bradford, May 20, 11 am.

LOWLAND INVESTMENT — Interim dividend 1.9p (1.75p). Gross income half year to March 31 1982 £339,893 (£350,841). Interest and expenses £48,078 (£80,926) and tax £95,072 (£87,873), leaving net earnings £196,743 (£182,042). Earnings per share 2.51p (2.32p). Net asset value per share 115.3p (103.5p).

DUFAY BITUMASTIC (surface coatings)—Results for 1981 already known. Group shareholders' funds £5.47m (£5.81m). Net current assets £3.07m (£3.6m). Fixed assets £3.6m (£3.71m). Net decrease in working capital £690,000 (£225,000). Capital commitments £192,000 (£35,000). Chairman says results for current year should be very pleasing to report. Meeting, Winchester House, EC, May 14, noon.

MERCHANTS TRUST—Results for year to January 31 1982 reported March 15. Investments at valuation £71.95m (£67.52m); net current assets £379,039 (liabilities £2.87m): shareholders' funds £69.71m (£62.01m): increase in liquidity £1.63m (£3.57m decrease). Prudential Corporation holds 14.9 per cent of shares. Meeting, 20 Fenchurch Street, EC, May 14, at 11.45 am.

LONDON TRADED OPTIONS

April 26, Total Contracts 3088 Calls 2650 Puts 438

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP (c)	240	64	—	—	—	68	—	280p
BP (c)	280	48	1	54	15	58	—	
BP (c)	300	24	42	42	42	44	12	
BP (c)	330	1½	37	15	24	24	79	
BP (c)	360	—	—	5	6	10	—	
BP (p)	280	—	—	5	—	13	—	
BP (p)	300	1	—	11	—	18	—	
BP (p)	330	12	3	20	35	28	—	
BP (p)	360	42	—	48	10	58	41	
CU (c)	130	4	3	—	—	18	—	131p
CU (c)	140	1	22	10	52	15	—	
CU (c)	160	1	11	6	—	8	—	
Cons. Gld (c)	330	32	2	36	—	42	—	360p
Cons. Gld (c)	360	5	8	25	4	32	—	
Cons. Gld (p)	390	10	3	27	—	37	—	
Cons. Gld (p)	420	37	1	44	—	55	—	
Ctlds. (c)	50	36	4	40	—	—	—	85p
Ctlds. (c)	60	26	30	30	—	24	—	
Ctlds. (c)	70	16	30	20½	129	16	—	
Ctlds. (c)	80	6	19	13	27	10½	—	
Ctlds. (c)	90	1	—	5	—	—	—	
Ctlds. (p)	100	—	—	—	—	—	—	
GEC (c)	650	190	1	210	—	—	—	840p
GEC (c)	700	140	3	160	1	—	—	
GEC (c)	750	90	10	112	—	97	51	
GEC (c)	800	40	10	70	—	65	—	
GEC (c)	850	3	6	35	10	45	—	
GEC (c)	900	1	10	15	5	24	—	
GEC (p)	850	18	1	35	5	—	—	
Grd Met. (c)	160	46	10	48	—	—	—	206p
Grd Met. (c)	180	26	10	28	—	37	—	
Grd Met. (c)	200	7	13	18	2	22	—	
Grd Met. (c)	220	1	19	7	200	13	—	
Grd Met. (p)	200	3	16	10	26	16	—	
Grd Met. (p)	220	17	—	20	2	26	—	
ICI (c)	300	22	10	34	24	46	—	318p
ICI (c)	330	2	—	14	101	26	—	
ICI (c)	360	1	10	11	—	14	—	
ICI (p)	330	14	4	21	10	21	—	
Land Sec. (c)	260	12	2	18	24	29	—	275p
Land Sec. (c)	280	2	—	12	110	18	—	
Mks & Sp. (c)	130	25	54	28	—	33	—	154p
Mks & Sp. (c)	140	15	126	19	50	23	100	
Mks & Sp. (c)	160	1	—	7	20	12	—	
Shell (c)	360	58	—	68	—	72	1	416p
Shell (c)	390	28	15	44	56	48	5	
Shell (c)	420	6	25	22	25	35	—	
Shell (p)	420	8	35	20	30	26	—	

Option	Ex'rcise price	May Closing offer	May Vol.	August Closing offer	August Vol.	November Closing offer	November Vol.	Equity close
Barclays (c)	420	25	—	45	—	60	3	440p
Barclays (c)	460	5	—	20	1	32	2	
Barclays (p)	460	22	2	27	15	33	—	
Imperial (c)	80	18½	54	21½	4	24	—	99p
Imperial (c)	90	9½	49	14	66	16½	20	
Imperial (c)	100	2½	8	8½	119	10½	94	
Imperial (p)	90	1	—	3	—	5	—	
Imperial (p)	100	5½	—	7½	3	9½	11	
Lasmo (c)	300	60	1	72	—	87	1	357p
Lasmo (c)	330	36	20	50	3	67	—	
Lasmo (c)	360	16	19	36	20	47	—	
Lasmo (c)	390	5	22	22	17	—	—	
Lasmo (c)	420	3	3	16	5	—	—	
Lasmo (p)	360	15	—	23	—	—	—	
Lonrho (c)	60	8	—	10	—	10	25	68p
Lonrho (c)	70	4	—	7	—	5	3	
Lonrho (c)	80	1	16	4	—	5½	10	
Lonrho (p)	70	5½	—	—	—	—	—	
P & O (c)	120	18	1	25	10	28	—	134p
P & O (c)	130	6	—	13	—	16	—	
Racal (c)	390	10	3	23	101	43	—	390p
Racal (p)	390	15	—	22	—	25	—	
RTZ (c)	420	30	12	55	13	65	1	443p
RTZ (c)	460	7	2	32	139	40	—	
RTZ (c)	500	2	2	14	—	24	—	
RTZ (p)	460	30	2	36	—	40	—	
Vaal Rfs. (c)	40	10	—	11	—	11½	—	549
Vaal Rfs. (c)	45	6	20	7¼	—	7½	—	
Vaal Rfs. (c)	50	2¼	—	4½	5	6	—	
Vaal Rfs. (p)	50	3¼	15	5	—	5½	—	
Vaal Rfs. (p)	55	6¼	—	8¼	4	9¼	—	

C=Call P=Put

EUROPEAN OPTIONS EXCHANGE

Series	May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C $300	—	—	12	78 A	—	—	$361.25
GOLD C $350	24	20	105	41 A	6	55	
GOLD C $375	157	8.50	24	25	117	37	
GOLD C $400	23	3 A	25	16	7	26	
GOLD C $425	4	1.70	30	9	—	—	
GOLD C $450	20	0.60 B	—	—	—	—	
GOLD P $300	—	—	1	4	—	—	
GOLD P $325	15	2.90	—	8	—	—	
GOLD P $350	74	10.50	40	15	5	19	
GOLD P $375	54	20	5	27 B	—	—	
GOLD P $400	2	39 B	—	—	—	—	
12½ NL 81 87-91							
C F.110	—	—	264	5.60	500	5.70	F.115.70
C F.112.50	—	—	146	3.70	70	2.70	
C F.115	50	1.10	32	2	79	2.40	
P F.112.50	—	—	785	0.80	—	—	
P F.115	—	—	—	—	106	1.50	
10¼ NL 80 86-95							
C F.100	—	—	3	4.20	—	—	F.103.90
C F.102.50	—	—	87	1	—	—	
C F.105	—	—	104	1.60	40	1.60	
P F.102.50	—	—	—	—	40	1.20	
11¼ NL 82 88-92							
C F.102.50	350	2.90	70	3.30	—	—	F.105.10
C F.105	100	0.90	200	1.60	53	2.50	
C F.107.50	—	—	—	—	136	1.50	
P F.105	200	0.50	—	—	5	1.70	
	July		**Oct.**		**Jan.**		
ABN C F.300	16	7	—	—	—	—	F.304
AKZO C F.25	10	5.40 B	—	—	—	—	F.30.50
AKZO C F.27.50	711	3	—	—	30	3.70	
AKZO C F.30	742	1.30 B	26	—	36	2.80	
AKZO C F.32.50	65	0.60	5	1.10	35	1.70	
AKZO P F.30	15	1.70	—	—	9	—	
AKZO P F.50	17	5	19	5	—	—	
AMRO C F.55	18	1.50 A	20	1.50	11	2.50	F.54.60
HEIN C F.55	87	5.20	21	5.60 A	—	—	F.60
HEIN C F.60	20	1.50	30	2.50	—	—	
HEIN C F.65	15	3.50	—	—	—	—	
HOOG C F.17.50	10	0.80	—	—	—	—	F.17
KLM C F.90	3	19	—	—	—	—	F.108.20
KLM C F.110	64	6.90	6	10.50	—	—	
KLM C F.120	170	2.50	8	5	9	7.50	
KLM C F.130	53	0.60	20	4.80	—	—	
KLM P F.110	26	7.20	—	—	—	—	
NEDL C F.120	33	7	1	7.50 B	—	—	F.125
NEDL C F.130	78	1.50	10	3 B	—	—	
NEDL C F.140	60	1	—	—	—	—	
NEDL P F.120	5	1	—	—	7	11.20	
NEDL P F.130	9	16	—	—	—	—	
PHIL C F.22.50	31	3	15	3.20	—	—	F.25.40
PHIL C F.25	367	1.30	37	1.70 A	32	2.20	
PHIL C F.27.50	340	0.40	59	0.80	236	1	
PHIL P F.25	—	—	—	—	60	1.90	
PHIL P F.27.50	10	3.10	—	—	10	3.50	
RD C F.80	47	14	26	14	—	—	
RD C F.90	280	5.10	105	6.20	20	6.70	
RD C F.100	299	1.20	121	2.30	51	3.20	
RD P F.80	40	0.50	15	1.30	—	—	
RD P F.90	68	3	21	4	11	5.20	
UNIL C F.160	88	1.80	—	—	—	—	F.158.20
	May		**Aug.**		**Nov.**		
SLUM C $50	—	—	13	2⅞	—	—	$47⅛

TOTAL VOLUME IN CONTRACTS: 7392

A=Asked B=Bid C=Call P=Put

Brook Street losses at £1.5m: nominal payout

SECOND-HALF losses at Brook Street Bureau of Mayfair were lower than those in the first-half, as expected. But the clerical and administrative staff agency still finished 1981 with pre-tax losses of £1.53m, against profits of £1.34m.

A nominal final dividend of 0.1p net is proposed, the group having omitted an interim payment. Last year's total was 2.135p.

The directors say it would be unrealistic to assume that the group will return to profitable trading before the autumn because the level of permanent placings has remained depressed, although the demand for temporary staff has continued to increase.

Midyear losses were £890,842 (£754,522 profits), but a significantly reduced deficit was expected in the second half. In the event it came through at £636,287

Losses per 10p share are stated at 10.39p for the year, against earnings of 7.49p, after a tax credit of £452,487 (£565,840 charge).

Turnover was down from £22.06m to £14.92m.

The directors say the effect on shareholders' funds of trading losses so far sustained is mitigated by the recovery of tax paid in previous years. The value of the group's freehold and of certain leasehold premises is in excess of that shown in the balance sheet, they add, although it has not been thought appropriate to incur the costs of formal revaluations.

● comment

A helpful tax credit means that 1981's attributable loss wipes off only a quarter of Brook Street's net worth, putting it at £3.3m. The shares at 25p give a market capitalisation for the company of £2.57m. These are not happy times for Brook Street. Cash balances, about £2.8m at the end of 1980 with no debt, are now significantly lower, although the company says its cash equals its short-term borrowings. Second-half losses were greater than feared, and are expected to continue at least until the second half of 1982. Brook has identified hopeful signs in the current year. Temporary business, it says, began picking up in March. From its experience in these things, it says that permanent jobs should start moving six months later or in September. But of course, if wishes were horses. . . .

Clement Clarke at £1.62m

TAXABLE PROFITS of Clement Clarke (Holdings), dispensing optician, improved from £1.33m to £1.62m for 1981, including an amount of £382.798 in respect of arrears of professional fees. Turnover reached £13.51m, compared with £12.54m.

Tax took more at £743,000 (£412,000) leaving the attributable balance lower at £876,000 (£918,000).

Although stated earnings per 25p share declined to 13.72p (14.35p) an increased final dividend of 1.74p (1.5125p) lifts the net total from 2.665p to 3.0075p. Dividend payments absorb £192,000 (£171,000).

Bank warns on urban decline

BY OUR BANKING CORRESPONDENT

IT IS vital for the UK that it should retain independent financial institutions based outside London if it wishes to stem the urban decline of areas such as the North East and Merseyside, Mr Tom Risk, the governor of the Bank of Scotland, says in the bank's annual report for 1981-82.

Commenting on the majority report of the Monopolies and Mergers Commission, earlier this year, blocking the rival bids for the Royal Bank of Scotland, Mr Risk says the debate was represented as a "largely Scottish issue."

"It was not. The report clearly recognised the importance to the UK of slowing down the process of centralisation and of preserving and encouraging independent local centres of business initiative and enterprise wherever they exist.

"Experience, not only in Scotland but also in, for example, Merseyside and the North East, has demonstrated the truth that while London is still, and for obvious reasons always will be, a powerful magnet it is vital for the health of the UK as a whole that there should be a variety of effective countervailing forces with their headquarters elsewhere.

"Nowhere is this truer than in the financial sector where the value of a different perspective has been demonstrated repeatedly."

"Fortunately, the revolutionary developments in communications technology have already reduced any past geographical disadvantage to a point of insignificance."

Mr Risk says the economic pressures of recent times have shown through most vividly in the clearing bank itself, where profits (including currency earnings) slipped from £34.6m to £32.4m in spite of a 34 per cent increase in average sums lent.

North West Securities, the group's finance house, more than doubled its pre-tax profits to £11m.

The Bank of Scotland's annual meeting will be held on May 18 at 12.15 pm at the bank's head office in Edinburgh.

Clarke Nickolls progress

A RISE in pre-tax profits was shown by Clarke, Nickolls and Coombs, property investor and developer, for 1981. The surplus rose from £844,000 to £1.18m, with £940,000 against £542,000 coming in the second half.

The final dividend is being lifted from 2.25p to 2.75p, which raises the net total from 4p to 4.5p per 25p share.

Sales of land and buildings were lower at £1.2m, against £1.54m. Gross rents and payments for services were little changed at £802,000 (£842,000).

There was a charge for tax of £76,000, against a previous credit of £455,000.

Equity & Law increases emphasis on Far East

Equity and Law Life Assurance Society last year invested a substantial proportion of its new investment money on UK business in overseas equities, with particular emphasis in the Far East.

There was £44m of new money from UK business and £20m of this was invested in Japan, £5m in North America and £4.5m in European properties. In addition, £2.5m was used to repay the last of the loans used to finance overseas equity investment in previous years.

In addition, £16m was invested in Holland and West Germany against the liabilities under policies issued in those countries. A further £34m was invested under the Society's unit-linked business.

Long-term business funds of the group rose by more than £100m last year to £1.15bn, of which £180m came from unit-linked business. Annual premium income rose nearly 9 per cent to £109m and single premiums by more than 25 per cent to £28m. Investment income was 16 per cent higher at £94m. Claims and expenses were 17 per cent higher at £124m.

Mr P. D. J. H. Cox in his chairman's statement referred to the substantial rise in expenses from £25.3m to £32.3m. He pointed out that inflation, exchange rate differences and the expansion of the group's operations particularly in Germany acounted for much of this rise. But there were also large non-recurring costs in relocating work from the London head office.

S. Lyles rises to £257,000 at midyear

Pre-tax profits of S. Lyles, carpet yarn spinner and dyer, rose from £202,364 to £256,929 in the six months to December 31 1981, on unchanged turnover of £5.56m.

Mr John Lyles, the chairman, says that shortly after reporting in his last statement an improvement in trading conditions, the imposition of higher interest rates started to have an adverse effect on the company's home market.

This, with the bad winter, caused home volume to be reduced to such an extent that further redundancies were made in February and their cost was met during the period under review.

Home trade has since improved and exports remain promising, he says.

The interim dividend is increased from 2p to 2.5p net to reduce disparity. Last year a total of 6.25p was paid from taxable profits of £637,695. Earnings per 20p share for the half year are shown as 4.21p (6.95p) and as 4.21p (2.9p) before release of deferred tax on stock relief.

There was a tax charge of £84,000, against a credit of £70,000, leaving net profits down from £272,364 to £172,929.

Slingsby cuts dividend to 1.2p

Slingsby is halving its dividend to 1.2p, with the final being cut from 1.8p to 0.6p.

The company, which produces trucks, ladders and trailers, made a profit of only £2,055, compared with £38,454, after charging interest of £7,036 (£19,546). This meant that a loss of £5,846 was incurred in the second half.

Sales for the year were somewhat lower at £2.78m, against £2.93m. There is no tax charge this time (£675 credit). Earnings are shown at 0.2p (3.91p).

On a CCA basis there is a loss of £81,330 (£78,323).

Clark Shoes moves up

A 40 per cent increase in profit before interest and tax is announced by C. and J. Clark, the Street, Somerset, based shoe manufacturing and retailing group.

Net sales rose 43 per cent to £473.46m and the profit came out at £25.75m. Part of the increase was a result of the acquisition of K Shoes, and the fact that the accounting period this time covers 13 months (to January 30 1982) against the 12 months reported last year.

On a comparable 12 months basis net earnings are up by 10 per cent.

Dunlop S. Africa rights issue

Dunlop South Africa, 51 per cent-owned Dunlop International AG, is making a rights issue on the basis of 18 new shares for every 100 held to raise R15.5m—£8.34m at current rates of exchange.

Dunlop International will take up its full entitlement of the 2.7m shares on offer with the balance of the issue being underwritten by Dunlop Holdings, the ultimate holding company.

The money being raised is to fund a portion of Dunlop South Africa's expenditure programme, including expansion and modernisation of existing production facilities and the extension of its industrial and consumer products range.

In 1981 Dunlop SA made pre-tax profits of R31.5m on turnover of R211m.

Why Nottingham City Hospital cannot afford new beds

BY GARETH GRIFFITHS

SISTER Elizabeth Melbourne is worried about the age of the beds in Patience Two, a male medical ward on the first floor of Nottingham's City Hospital. Unfortunately there is no money for new beds.

It is not a particularly serious problem, although the beds are uncomfortable for her longer stay patients. Yet in this as in much else, City, a reputable but not particularly famous teaching hospital, contains a microcosm of the problems which Britain's National Health Service faces as it contemplates yet another major industrial relations crisis.

Nottingham City Hospital is big business. Nationally the NHS spends about £20,000 a minute in its 2,000 hospitals in England, employing 770,000 people. Its health administrators are running concerns larger than many major industrial companies.

Nottingham's chief nursing officer, in charge of nurses at 16 hospitals, is responsible for 6,000 nurses, a fifth more than the manual workforce of Talbot's UK car manufacturing operations.

City Hospital spends more than £20m a year, yet it is constantly hampered by shortage of funds. There is increasing strain on the staff as vacancies are frozen in line with the Government's aim of reducing manpower.

Planning decisions made in the 1960s and early 1970s are now coming into effect, although circumstances have changed radically. And every problem is exacerbated by the cuts. For the first time since 1951 NHS spending is not expanding in real terms.

The solid and reassuring names of the acute medical wards — Nightingale, Lister, Simpson and Harvey — and their cheerful staff make City a happy enough place on the surface.

But Mr Christopher Wright, the sector administrator of the City hospitals site and front line manager of the hospital, sees a different picture on his rounds. "We have pared down most of the fat. While we are making short-term cuts there is the possibility we are going to commit long-term suicide."

City Hospital has 908 beds, is one of two teaching hospitals in Nottingham and wins high praise for its medical care. Its site encompasses City and also Sherwood, a geriatric hospital with 336 beds, Haywood House, a cancer relief centre and Linden Lodge, a unit for the young disabled. Some 4,000 people work or are patients on the 70-acre site.

The hospital itself comes within the Trent region, one of the 14 English health regions. Trent covers Nottinghamshire, Derbyshire, Lincolnshire, South Yorkshire and Leicestershire. In spite of containing prosperous cities such as Nottingham and Leicester, the region is the most medically deprived in the country in terms of facilities, medical staff and the general health indicators of the population.

Hugh Routledge

Nurses at Nottingham City Hospital.

Since 1976 the Government has been paying the region extra money to try to improve its facilities, a recognition of the fact that Britain is still a profoundly unequal country in the way it provides health care.

This reflects itself in regional differences in the length of waiting list. Doctors tend to prefer to live in the more pleasant suburbs of the South East than in the industrial towns of the North. A DHSS report on inequalities in health showed that the healthiest part of Britain is below a line drawn from the Severn to the Wash.

The new Nottingham health district, which came into existence on April 1 as part of NHS reorganisation, serves a population of 600,000. The NHS chain of command runs from regions to districts to individual hospitals and specialist services such as community medical services.

City Hospital handles most types of cases but the hospitals on site are gradually reducing the number of patients as the other Nottingham teaching hospital, the Queen's Medical Centre, comes into full operation. The provision of prestige hospitals such as Queen's without the necessary special extra funding can drain resources from other hospitals to pay for the scheme. This happened in Liverpool and Cardiff when new teaching hospitals came into operation.

Nottingham, Leicester and Sheffield, the three teaching centres in the Trent region, provide half the expansion in medical numbers being trained nationally. Such provision, Nottingham points out, is for the national and not necessarily related to local need.

City Hospital's teaching status has profound implications for both the hospital and the district. Medical students cost on average £100,000 each to train and although the district gets extra funds for the extra costs, it does not feel they are enough. On the other hand, a teaching hospital attracts higher calibre doctors for both the hospital and the general practitioner services.

City Hospital's budget is dominated by wages, highlighting the fact that nearly three-quarters of NHS money goes on staff costs. The major items of expenditure, according to a 1980-81 survey, were nursing services at £7.36m and medical services at £2.39m. Medical supplies accounted for £1.37m, pharmacy £1.36m, administration £1m, cleaning £1.44m, estate management such as engineering maintenance and energy costs £1.74m, catering for patients £640,000, portering £422,000 and laundry and linen £262,000.

Even so, Nottingham's costs are much lower than the average for provincial teaching hospitals. A survey for the year ended March 31, 1981, the latest data available, shows City Hospital's costs to be £591.05 per patient per week, below the provincial average of £640.16 and well below the cost per case at Guys Hospital in London at £862.29.

On the other hand the percentage of occupied beds at City is low at 77.4 per cent compared to a provincial average of 80.6 per cent and for Guys 83.3 per cent.

The Nottingham Area Health Authority (which was abolished on April 1 when an entire tier of NHS organisation was removed) warned last year that unless much needed capital investment was possible in the next ten-year planning period, many departments would continue to operate at the City hospital "in inadequate facilities for years to come, to the detriment of the service in general."

More than 80 per cent of the district's expenditure is on hospital services. Administration accounts for 3.7 per cent of the total. Financial controls are tight, the district requisitions the money as it is required and monthly reports are sent in from the hospital to the district and from the district to the region. The Government thinks they should be tighter and has instituted a series of performance reviews.

The quality of the top management at City Hospital and the district is impressive. Ironically, as the NHS has come under increased pressure the quality of administrative and managerial staffs has improved as the products of the NHS graduate training scheme, introduced some 20 years ago, now rise to top positions throughout the country.

Mr Brian Blissett, the district administrator is a Cambridge graduate for example and the author of trenchant papers on the last reorganisation. Mr Eric Morgan, the district treasurer is a product of Jesus College, Oxford and Price Waterhouse.

But to the sick in Patience Two and indeed to the vast majority of patients in hospital, the most important people are nurses. Britain's nurses enjoy a particular public sympathy over their pay and conditions. They are the largest group in the NHS with an estimated 350,000 in England alone.

But Mr Ted Rowan, the National Union of Public Employees' branch secretary says that in some of the geriatric wards at Sherwood there is insufficient staff and unqualified nurses are left in charge of wards. He says that during the past three years domestic staff has been cut back by about a fifth.

The strain on some of the hospital staff is beginning to tell according to both management and unions. But as in most of the NHS there is still a tremendous amount of pride about "the service" and a determination to make it work.

UK COMPANY NEWS

Crowther Group losses reduced to £270,000

SECOND HALF losses at John Crowther Group, woollen textile manufacturer, were much lower at £43,000, against £916,000, and have cut the deficit for the 1981 year from £912,000 to £270,000 at the taxable level. Turnover slipped to £3.66m (£3.8m).

The dividend has again been omitted, the last payment being 0.76p per share for 1979.

The directors state, however, that the order book is longer than at any time in the past two years and the company is exploring a number of trading opportunities with a view to producing additional operating revenue and benefits.

The group traded profitably for most of the six months to December 31, and if trading levels continue to improve, the group should be in profit for the current year, says the board.

There has been extensive and costly development work on new fabrics during 1981, all of which has been written off in the second half. The delayed re-siting of the company's plant is taking place and development of properties is progressing satisfactorily, directors state. They add that a number of properties have been let.

Interest charges for the year were £202,000 (£275,000) and the pre-tax figure was after a fixed asset sale profit, much lower at £56,000 against £350,000.

After an unchanged tax charge of £5,000 loss per 25p share is given as 7.9p (25.7p).

On a CCA basis the pre-tax figure is shown as £341,000 (£1.13m).

● comment

Crowther is beginning to see the fruits of its massive surgery—which cut workforce by 75 per cent—and modernisation of the past four years. For the past three months its looms have been working 24 hours a day 5½ days a week and volume sales are expected to show strong gains in the current year. Also exports are predicted to recover from the negligible level of two years ago to 15-20 per cent of group turnover. But with no real improvement in the marketplace these advances must come from internal efforts, particularly product development. Though a high volume producer the group began 1981 with its fabrics mostly at the highly competitive lower end of the market with few running cloths. Today it has 14 high quality running cloths. Working capital requirements have pushed borrowings back to around 70 per cent of equity again but higher efficiency promises better margins and a return to profit this year.

Coronation Syndicate

NET PROFITS of Lonrho's Coronation Syndicate of South Africa for the quarter ended March 31 reached R96,000 (£52,000). This figure also represents the profit for the first six months of the financial year, as first quarter results have been re-stated at break-even.

The company received no dividend in the latest quarter from Corsyn Consolidated Mines, its Zimbabwe gold and copper subsidiary.

Corsyn itself produced a net loss in the period of Z$61,000 (£47,000), compared with profits in the previous three months of Z$530,000. The loss was due to the main mill at the Inyati copper mine being unserviceable for almost the whole period. It was recommissioned a few days before the end of March.

Ford Motor profits trimmed to £220m

SALES OF Ford Motor Company rose from £2.92bn to £3.07bn in 1981, including £1.01bn to export markets, against £957m and £2.07bn, compared with £1.97bn in the UK.

Operating profits fell from £139m to £130m but net interest income improved from £85m to £90m. So at the pre-tax level profit was £220m compared with £226m, including £2m of dividend income.

Tax payment rose from £22m to £55m leaving net profits of £165m against £204m.

The balance sheet as at December 31 shows cash and cash investments down from £512m to £135m.

Bank and other loans slipped from £257m to £226m but creditors increased from £732m to £993m.

Total funds generated from operations were £389m (£361m). There was an increase in working capital from £94m to £161m.

The current cost profit before tax and gearing adjustment remained steady at £155m.

For the second successive year no dividend will be paid to the parent group, Ford Motor is a wholly-owned subsidiary of Ford Motor of the U.S.

The accounts show there were loans to the parent group of £656m outstanding at the year-end. Mr Stanley Thomson, the UK company's finance director, said yesterday the loans had been repaid.

Exports from the UK, including sales to overseas subsidiaries, were worth £919m (£852m). They comprised £117m (£101m) for cars, £118m (£159m) for commercial vehicles, £93m (£110m) for agricultural tractors and £591m (£482m) for components and accessories.

Imports cost £1.05bn (£796m) consisting of £653m (£447m) for cars, £7m (£9m) for commercial vehicles, £6m (£9m) for tractors and £411m (£331m) for components.

Car production fell from 342,767 to 342,176, including 69,428 (70,659) for export. Commercial vehicle output was 86,182 (138,373), with 35,219 (48,787) for export. Tractor production was 41,643 (41,344) of which 36,216 (36,977) was exported.

The Bridgend engine plant, in its first full year of production, produced 357,948 CVH engines, 63 per cent for export.

UK employment declined from 76,000 to 71,000 achieved mainly by normal turnover aided by small-scale programmes for voluntary redundancy and special early retirement.

The wholly-owned Ford Motor Credit Company improved pre-tax profits by 18 per cent to £13m. Advances to retail and fleet customers totalled £247m, up 10 per cent on 1980, while advances to dealers remained at £70m.

BOOKER McCONNELL (international food, engineering, publishing group)—Results for 1981 and prospects reported on March 31 1982. Ordinary shareholders' funds £107.06m (£106.08m). Fixed assets £81.42m (£86.31m). Net trading assets £147.75m (£157.64m). Net borrowings £17.1m (£27.8m). Current assets £207.7m (£237m). Current liabilities £192.9m (£189.9m). Meeting, London Chamber of Commerce and Industry, 69 Cannon Street, EC, May 21, at noon.

Legal & General Group funds expand by £700m

GROUP funds of Legal and General Group rose by more than £700m in 1981 to £5.53bn by the year-end. Net new investment by the group amounted to £300m of which about half was in UK gilts.

A total of £60m was invested in equities, with nearly a third overseas. A number of attractive opportunities resulted in another £80m being invested in property.

At the end of 1981, property holdings, at £2.02bn accounted for nearly 36 per cent of group assets, UK gilts at £1.51bn a further 26.7 per cent and equities at £1.5bn another 26.6 per cent.

As already reported, Legal and General, the UK's largest pensions company, had record new life business in 1981 but saw a drop in new pensions business because of the recession. The attributable profit rose strongly by £8m to £29.4m, despite heavy underwriting losses overseas.

Professor Jim Ball, in his chairman's statement, referred to the group's acquisition of the U.S. life company Government Employees Life Insurance (Gelico), the group's first entry into the U.S. life insurance market. The cost of the acquisition amounting to US$140m (£73m) was financed by £65m from internal resources and £75m from a bank loan over 10 years.

He also referred to the success in its first year of the Insurance Ombudsman Bureau, of which Legal and General is a member. The Bureau had satisfied a real need for handling insurance complaints from the public, but at the same time, had shown that the number of unsatisfied complaints was not as high as claimed by critics. He urged the UK insurance industry to move towards a single united scheme for handling consumer complaints.

BCT Midland at £2.2m

Net profits of BCT Midland Bank amounted to FFr 22.2m (£2.2m) for 1981, compared with FFr 24.5m for the previous year.

The group, formerly Banque de la Construction et des Travaux Publics, was renamed following the acquisition by Midland Bank of a 68.4 per cent controlling interest in June 1979.

Shareholders' funds stood at FFr 219.7m, against FFr 188.4m for 1980. Total assets fell from FFr 9.17bn to FFr 8.17bn.

Net charge for provisions for bad and doubtful debts totalled FFr 30.1m in 1981, compared with FFr 45m.

The directors say the bank has generated its ability to generate new loans at profitable margins. There has been a further reduction in outstanding loans to construction companies, with an increase in lending to the multinational sector.

Sophisticated liability management has reduced the sensitivity to interest rate fluctuations, while stringent control of general expenses resulted in a decrease in 1981 against costs in 1980.

On the future, the customer deposit base will be developed to reduce the bank's dependence on the money market and a five-year automation plan, which is already under way, will further improve productivity.

The company is quoted on the Paris stock exchange. It has its head office in Paris and 14 branches in the major industrial and commercial centres in France.

DRG Canada setback

DRG Incorporated, the Canadian quoted subsidiary of DRG, reports first quarter 1982 earnings of 8 cents per share, compared with 32 cents before extraordinary item in the same period last year. Sales were little changed at $23.95m (£34.54m).

Most of the downturn occurred in January-February with a modest recovery in March. General economic conditions were cited as the reason for lower earnings.

Mr Norman Morris, president, said at the AGM: "Orders on the books at the end of March will mean that our plants will be busy. The trend is for customers to order smaller quantities more frequently."

At the end of March, cash and money invested was $1.05m. The strong financial position is noteworthy since in 1981 the company made expenditures for capital and machinery in packaging, envelope and stationery plants across Canada totalled $10.07m, all financed from within the company, said Mr Morris.

The commitment to further upgrading of equipment continues into 1982 with orders already placed amounting to $5.4m.

Phelps Dodge in Turkey

THE SECOND largest copper producer in the U.S., Phelps Dodge, is to join forces with three Turkish companies to evaluate and possibly develop the Cayeli copper-zinc deposit in north-eastern Turkey.

Preliminary exploration indicates a deposit with some 30m tonnes of reserves, grading 2.83 per cent copper and 4.34 per cent zinc. Phelps Dodge will be the operator of the project and can earn up to 49 per cent of the joint venture by carrying out further exploration and development.

The company plans to spend an estimated $3m over the next two years to prove up reserves. Phelps Dodge's partners are Etibank, the state-owned mining company, and two private companies, Gama Industri and Demir Export.

BASE LENDING RATES

A.B.N. Bank	13 %	Grindlays Bank	‡13 %
Allied Irish Bank	13 %	■ Guinness Mahon	13 %
American Express Bk.	13 %	■ Hambros Bank	13 %
Amro Bank	13 %	Heritable & Gen. Trust	13 %
Henry Ansbacher	13 %	■ Hill Samuel	§13 %
Arbuthnot Latham	13 %	C. Hoare & Co.	†13 %
Associates Cap. Corp.	13 %	Hongkong & Shanghai	13 %
Banco de Bilbao	13 %	Kingsnorth Trust Ltd.	14 %
BCCI	13 %	Knowsley & Co. Ltd.	13½%
Bank Hapoalim BM	13 %	Lloyds Bank	13 %
Bank Leumi (UK) plc	13 %	Mallinhall Limited	13 %
Bank of Cyprus	13 %	Edward Manson & Co.	14 %
Bank Street Sec. Ltd.	14 %	Midland Bank	13 %
Bank of N.S.W.	13 %	■ Samuel Montagu	13 %
Banque Belge Ltd.	13 %	■ Morgan Grenfell	13 %
Banque du Rhone et de la Tamise S.A.	13½%	National Westminster	13 %
Barclays Bank	13 %	Norwich General Trust	13 %
Beneficial Trust Ltd.	14 %	P. S. Refson & Co.	13 %
Bremar Holdings Ltd.	14 %	Roxburghe Guarantee	13½%
Brit. Bank of Mid. East	13 %	E. S. Schwab	13 %
■ Brown Shipley	13 %	Slavenburg's Bank	13 %
Canada Perm't Trust	13 %	Standard Chartered	‖13 %
Castle Court Trust Ltd.	13½%	Trade Dev. Bank	13 %
Cavendish G'ty T'st Ltd.	14 %	Trustee Savings Bank	13 %
Cayzer Ltd.	13 %	TCB Ltd.	13 %
Cedar Holdings	13 %	United Bank of Kuwait	13 %
■ Charterhouse Japhet	13 %	Whiteaway Laidlaw	13½%
Choulartons	13½%	Williams & Glyn's	13 %
Citibank Savings	12½%	Wintrust Secs. Ltd.	13 %
Clydesdale Bank	13 %	Yorkshire Bank	13 %
C. E. Coates	14 %		
Consolidated Credits	13 %		
Co-operative Bank	*13 %		
Corinthian Secs.	13 %		
The Cyprus Popular Bk.	13 %		
Duncan Lawrie	13 %		
Eagil Trust	13 %		
E.T. Trust	13 %		
Exeter Trust Ltd.	14 %		
First Nat. Fin. Corp.	15½%		
First Nat. Secs. Ltd.	15½%		
Robert Fraser	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 10%, 1-month 10.25%. Short term £8,000/12 month 12.6%.
† 7-day deposits on sums of: under £10,000 10%, £10,000 up to £50,000 11%, £50,000 and over 11½%.
‡ Call deposits £1,000 and over 10%.
§ 21-day deposits over £1,000 11½%.
‖ Demand deposits 10¼%.
¶ Mortgage base rate.

COMMODITIES AND AGRICULTURE

Colorado beetle fears grow

By Our Commodities Staff

CONCERN OVER the possibility of British crops becoming infested with colorado beetles deepened yesterday when five more beetles were found in a batch of Italian spinach at Bradford wholesale market.

They brought the total number found this month to 29—most of them on Italian produce. A Ministry of Agriculture official said this was way above the normal level of discoveries which averages about one a month.

The latest discovery was particularly worrying as it came from a split consignment. Ministry inspectors were yesterday trying to trace other batches which went to the Hull and Coventry markets.

The public has been urged to watch for these highly destructive insects, which are striped black and yellow and are about half an inch long.

The National Farmers Union is to call for a tightening up of inspection procedures of Italian farm produce.

The union is sending a letter to the Ministry of Agriculture expressing concern over the latest incident.

"Produce is supposed to be thoroughly inspected in the country of origin, obviously something is wrong and they aren't doing the job as well as they could," the NFU said.

The beetles, which breed rapidly once established, pose a major threat to crops, especially potatoes.

The Ministry of Agriculture said the two consignments in Hull and Coventry had now been located and would be destroyed.

Threat to U.S. wool shipments

WASHINGTON — Contamination of U.S. wools continues to plague the domestic sheep industry, according to the American Sheep Producers Council (ASPC).

Mr Edgar Olson, chairman of the ASPC wool committee, said one of the largest users of U.S. wool has already issued an ultimatum that if polyester twine is found in wool shipments, the shipment will be rejected.

Metals fail to hold Falklands crisis gains

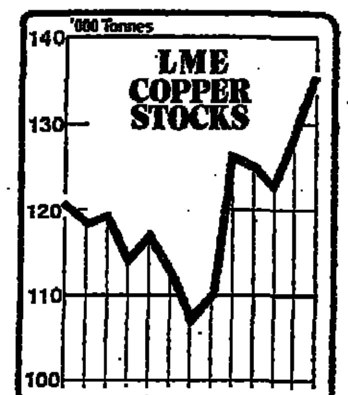
BY RICHARD MOONEY

BASE METALS prices opened stronger on the London Metal Exchange yesterday encouraged by the news that Britain had retaken South Georgia. Copper, lead and zinc prices were nearly £7 a tonne higher while three-months delivery aluminium gained £5.25. But the advances proved short-lived.

Although the copper market's strength had also been aided by continuing labour problems in Peru, U.S. production cuts and the unresolved Noranda pay talks, by midday the rise had been halved and at the close cash high grade metal was down £2.75 at £870.75 a tonne.

The fall may have been influenced by another rise in LME warehouse copper stocks which provided a timely reminder of the slackness of demand for the metal. The stocks total rose 1,100 tonnes to 135,100—the highest level since December 1979.

In Toronto, Noranda mines reported that a threatened strike due to begin on Sunday, had been averted but that no agreement had been reached on workers contracts although talks continued over the weekend. Meanwhile, in Denver, Anaconda Minerals announced that it had closed its Berkeley open pit copper mine at Butte, Montana, because of depressed market conditions. But with the East Pit mine continuing in operation Butte production is expected to remain at 42,000 short tons of ore a day.



Lead and zinc prices followed the trend in copper and cash lead ended £2.25 up at £330.50 while cash zinc closed with a net gain of £1.50 at £429.50 a tonne. LME warehouse stocks of lead rose 25 tonnes to 83,975 tonnes but zinc stocks were down 700 tonnes to 60,550 tonnes.

Tin prices were again depressed following a heavy fall in Penang overnight, though this was reported to be mainly due to communications difficulties. But buffer stock buying cushioned the fall and cash metal ended only £35 down at £7,090 a tonne. Dealers said trading remained thin as the result of the current International Tin Council meeting on proposed cuts in export quotas was awaited.

LME tin stocks fell 650 tonnes last week to 38,145 tonnes.

Aluminium was among the metals to rise in early trading in spite of a sharp 12,250 tonnes rise in LME stocks to 220,325 tonnes. But by the close the cash price was £2 down on the day at £560 a tonne.

Other stocks changes last week were a rise of 470,000 troy ounces to 33.84m for silver and one of 696 tonnes to 2,886 for nickel.

Sharp upturn in cocoa

By Our Commodities Staff

COCOA VALUES moved up sharply on the London futures market yesterday with the May position—which was £70 up at one point—ending the day £52 higher at £978.50 a tonne.

The price opened around £30 higher based on follow-through buying encouraged by sharp late gains in New York on Friday and concern over the Falklands crisis. It quickly breached the £40 permissible limit and trading was halted only for the rise to continue unabated after the mandatory 15-minute break.

Market sentiment was also aided by rumours that the International Cocoa Organisation's buffer stock manager had at last been granted the expected Brazilian bank loan enabling him to extend his support purchases by up to 35,000 tonnes. He has already bought 100,000 tonnes in a vain attempt to shore up prices. Final signing of the loan documents will not be possible until May 7, however.

The late fall in prices resulted from profit-taking sales triggered by reports of Brazilian sales to the U.S.

Poland imports more meat

BONN—Polish meat imports quadrupled in 1981 to 241,000 tonnes from 58,000 in 1980, the East Bloc Agricultural Newsletter said.

The newsletter, quoting meat industry figures published in the Warsaw newspaper Polityka, said that meat exports were halved over the same period, totalling 108,000 tonnes in 1981 after 215,000 in 1980.

There has been pressure within Poland to halt meat exports while supply problems continue, but the newspaper said these figures show that an export stop would only provide 30 grammes more meat per person per month.

Reuter

Gloom in the pig market

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

UNTIL the last few weeks the pig market was in a mildly euphoric state. Not that prices were particularly high but margins were such that efficient farmers could show a reasonable return.

Since then a number of factors have combined to dissipate the euphoria. The market for both pork and bacon pigs has been falling significantly and the wholesale market for bacon has been suffering some quite heavy reductions. There has been discounting as well.

For this the scapegoat has been Denmark where foot and mouth disease on the island of Funen has been blamed for an increase in imports to this country. This is because the outbreak led the Japanese and certain other customers for Danish pig meat to close their markets for health reasons.

Ess-Food, the Danish importers to this country, deny this, and produce figures to show that imports of pigmeat, both pork and bacon, are actually less than for the same period last year. In fact the Ess-Food spokesman blamed the British for bacon discounting and the British in turn blame the Dutch for sending rather more bacon.

What seems to be happening is a gradual lessening of confidence among processors and wholesalers of both pork and bacon, based on no better information than rumour and the well known fact that rising markets eventually go into reverse.

This has led to a certain amount of destocking in the anticipation that the Danes will eventually have to send extra supplies here as there are few other markets open to them until complete clearance from the disease has been established.

There is provision for private storage aids under the EEC rules but these are not as favourable to the processors as are the intervention arrangements for beef which take the meat off the market and in the end export it if necessary.

In this connection the export outlets for any EEC pig meat look bleak as EEC pigmeat prices are now the world's highest and the U.S. has some of the lowest and a disease free status as well.

AUSTRALIA

Rising costs dampen farm export profits

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE VALUE of Australia's rural exports this season is estimated at A$7.4bn (£4.43bn). But in real terms, the agricultural sector is likely to see its worst export performance in a decade.

These are among the latest forecasts of the Bureau of Agricultural Economics in Canberra, which says that the gross value of the country's rural production in 1981-82 is expected to be A$12.05bn, 6 per cent up on the previous year.

However, given rising farm costs and continuing inflation, the net value of rural production, in real terms, will probably decline by 13 per cent.

The decline would have been more marked but for above-average seasonal conditions boosting crop production to near record levels, the bureau said.

It said that gross returns are expected to rise by 6 per cent, to A$12.05bn. But with farm costs expected to rise by around 11 per cent, the bureau says the net value of rural production is estimated at A$3.95bn. Assuming a rate of inflation of 10.5 per cent, the real net value of rural production would be 13 per cent lower in 1981-82 than in 1980-81, the bureau said.

The worsening economic situation in the U.S. and Japan, as well as in Australia, meant that the "subdued outlook" would extend beyond the end of the current year.

Australian wheat growers benefited most from improved seasonal conditions. Their 1981-82 harvest is expected to produce 16.35m tonnes, worth A$2.53bn. However, unit export returns for wheat in 1981-82 are expected to decline by about 6 per cent, to A$155 per tonne.

The main forecasts are that low-heat harvest should reach 16.35m tonnes, from a record area sown of 12m hectares. This is 5.5m tonnes above the drought-depressed level of 1980-1981, and the second largest Australian wheat crop yet. Gross value of the 1981-82 crop is estimated at A$2.53bn, or 50 per cent higher than last year. According to the BAE: "There has been little movement in Australian wheat export prices. A general downward trend in world wheat prices has been tempered in Australia by a nominal depreciation of about 7 per cent in the value of the Australian dollar relative to the U.S. dollar since the beginning of the year."

The area sown to coarse grains in 1981-82 is estimated at 4.9m hectares, and production at 8.4m tonnes, about 23 per cent up on last year's crop. Coarse grain exports are expected to rise by 11 per cent to 3m tonnes, worth A$461m.

The value of the wool clip is expected to rise approximately in line with auction prices, to around A$1.74bn. Australian wool production in 1981-82 is estimated at 691 kilos greasy. Exports are expected to fall 11 per cent to 615 kilos greasy.

Cattle numbers at March 31 1982 were estimated at 24.8m. Gross value of beef and veal production in 1981-82 is estimated at A$1.85bn, a 12 per cent fall in 1980-81. The estimated gross value of exports in the current year is A$918m, a 14 per cent fall.

The gross value of sheep and lambs slaughtered, including the value of live sheep exported, is estimated at A$590m, 14.7 per cent below the estimated for 1980-81, due to the decline in sheep slaughter and prices. Shipments of live sheep to Saudi Arabia are expected to increase substantially, but this will be more than offset by declining trade with Iran.

In dairy products, the gross value of production in 1981-82 is put at A$959m, an increase of 15 per cent on the previous year. The main factors responsible are strengthening export prices, and higher domestic prices. Wholemilk production is estimated at 5.13bn litres. Butter production is expected to be 8 per cent down, but cheese production 8 per cent up.

Australian sugar production in 1981-82 is estimated at 3.43m tonnes, an increase of 3 per cent on last year. But exports are expected to decline to A$740m, some 30 per cent less than last year's record A$1.06bn.

Total Australian fruit production is estimated at 2.09m tonnes, worth A$524m. Increased grape production will be offset by lower output of apples and pears (due to "off" year yields), and citrus.

Rains and floods in some areas in March have affected the quality of some cotton crops. But a 25 per cent increase in plantings should lift output by 16 per cent, to an estimated 115 kilos, worth A$165m.

U.S. talks on sugar quotas

BY NANCY DONNE IN WASHINGTON

WITH sugar prices continuing to fall, Mr John Block, the U.S. Secretary of Agriculture, was scheduled to discuss import quotas with a group of cabinet officials yesterday who could then issue a final decision on the proposed imposition of limits.

Officials meeting within the Department of Agriculture have been debating whether to establish one global quota or whether to impose sugar import limits on a nation-by-nation basis.

It is thought that a global quota would be set at about 2.8m tonnes, but the figure would be a flexible one to allow for changes in the world price. The U.S. has plenty of sugar in stocks, having imported 5.1m tonnes last year before the sugar price support programme went into effect.

Sugar prises have been falling rapidly, along with the prires of other soft commodities.

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES closed well below the day's highs on the London Metal Exchange, as initial heavy short covering, followed the fighting in the south Atlantic over the weekend, was followed by profit-taking. Copper touched £910 prior to closing at £902.75. Lead was finally £343.5, after £348, Zinc £430.5, after £434.5, Aluminium £583.25 and Nickel £3,087.5. Tin dropped to £7,308 in early afternoon trading, reflecting the sharp decline in Penang overnight, but rallied to close at £7,325 following support buying by the buffer stock manager.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
HighGrde				
Cash	876-.5	+5.75	870.5-1	-2.75
3 mths	906-.5	+5.5	900.5-1	-2.5
Settlem't	876.5	+5.5	—	......
Cathodes				
Cash	871-2	+5	865-6	-3
3 months	901-.5	+5.75	895-.5	-2.5
Settlem't	872	+5	—	......
U.S. Prod.	—	—	*74-8	......

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	7120-5	+72.5	7085-95	-35
3 months	7340-50	+65	7310-5	-50
Settlem't	7125	+70	—	......
Standard				
Cash	7120-5	+72.5	7085-95	-35
3 months	7335-40	+65	7310-5	-40
Settlem't	7125	+70	—	......
Straits E.	‡529.00	-0.32		......
NewYork	—	.....		

* Cents per pound. ‡ M$ per kilo. † On previous official close.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	330-.5	+5.5	330-1	+2.25
3 months	343.75-4	+5.12	343.5-4	+2.5
Settlem't	330.5	+5.5	......	......
U.S. Spot	—	......	*26-30	......

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	433-4	+7.75	429-30	+1.5
3 months	435.5-4	+6	430-.5	+1.5
S'ment	434	+8	—	......
Primw'ts	—	......	*55	......

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	562.5-3.5	+5	559.5-60.5	-2
3 months	585.5-6	+6	582.5-3	-1

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	3050-5	-10	3015-25	-50
3 months	3114-6	-2.5	3085-90	-40

SILVER

Silver was fixed 11.5p an ounce higher for spot delivery in the London bullion market yesterday at 418 3p. U.S. cent equivalents of the fixing levels were: spot 739.1c, up 18.6c; three-month 765.2c, up 19c; six-month 791.0c, up 18.5; and 12-month 843 0c, up 18.7c. The metal opened at 422p-425p (747-751c) and closed at 409p-412p (727-731c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	418.30p	+11.5	411.75p	+1.25
3 months	431.90p	+12.1	425.25p	+1.25
6 months	445.40p	+12.1	—	......
12months	473.50p	+15.0	—	......

LME—Turnover 113 (85) lots of 10,000 oz. Morning: Three months 431.5, 31.7, 32.0, 32.2, 32.0. Kerb: Untraded. Afternoon: Three months 423, 23.5, 24, 24.5, 24.7, 26, 25.5. Kerb: Three months 425.5, 24.5, 23.5.

INDICES

FINANCIAL TIMES

April 26	April 23	Month ago	Year ago
245.27	244.28	243.39	260.77

(Base: July 1, 1952=100).

MOODY'S

April 26	April 23	Month ago	Year ago
1003.9	997.2	990.7	1115.9

(December 31, 1931=100)

DOW JONES

Dow Jones	April 23	April 22	Month ago	Year ago
Spot	126.84	125.59	123.99	[illegible]
Futr's	130.98	129.70	127.96	—

(Base: December 31 1974=100)

REUTERS

April 26	April 23	M'nth ago	Year ago
1610.6	1598.7	1586.2	1695.6

(Base: September 18, 1931=100)

COCOA

Futures rallied sharply against the New York close as trade and commission house short-covering triggered a chain of stop-loss buying orders. The gains were pared by hedging of Brazilian sales but renewed support caused a firm close, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
April	900-80	+39.5	—
May	978-79	+52.0	996-46
July	1018-19	+56.0	1033-988
Sept	1051-52	+58.0	1063-14
Dec	1090-91	+55.0	1102-54
March	1119-20	+54.0	1123-84
May	1136-40	+52.5	1125-02
July	1156-59	+47.5	—

Sales: 4,757 (3,276) lots of 100 tonnes.

ICCO—Daily price fob April 23: 78.25 (76.86). Indicator price for April 26: 78 08 (78.13).

COFFEE

Spillover orders from a steady previous close coupled with speculative chart-linked buying provided incentive for a gradual advance in light volume, reports Drexel Burnham Lambert. Selling at recent resistance levels trimmed gains slightly before a firm New York market prompted a breakthrough.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1228-30	+32.5	1240-95
July	1166-67	+28.0	1175-38
Sept	1123-25	+19.5	1134-02
Nov	1106-10	+19.5	1115-90
January	1100-05	+20.0	1105
March	1095-00	+30.5	—
May	1085-00	+40.0	—

Sales: 3,264 (2,979) lots of 5 tonnes.

ICO Indicator prices for April 23: (U.S. cents per pound): Comp. daily 1979 122.41 (122.40): 15-day average 124.09 (124.33).

GAS OIL FUTURES

The Falklands dispute and a strong New York close combined with some crude news to cause a strong opening. The market drifted to trade actively around the mid-range, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
April	297.50	+6.50	[illegible]
May	299.25	+6.50	[illegible]
June	295.00	+6.25	[illegible]
July	294.00	+6.50	[illegible]
Aug	292.75	+5.25	[illegible]
Sept	292.00	+5.50	[illegible]
Oct	297.00	+5.50	[illegible]
Nov	298.50	+4.50	—
Dec	301.00	+3.00	—

Turnover: 3,361 (3,794) lots of 100 tonnes.

GRAINS

The market opened higher and old crop wheat led the way for a general rise with shipper and commercial buying. Old crop barley met some selling while new crop wheat eased off a little on the close, Acli reports.

Mnth	WHEAT Yesterd'ys close	+ or —	BARLEY Yest'rd'ys close	+ or —
May	120.05	+0.70	111.60	-0.40
July	123.85	+0.60	—	—
Sept	107.60	+0.05	103.55	+0.20
Nov	111.45	+0.05	107.35	+0.15
Jan	115.35	+0.05	111.40	+0.15
Mar	118.60	+0.15	114.80	+0.15

Business done—Wheat: May 120.05-119.60, July 124.00-123.75, Sept no trades, Nov 111.60-111.45, Jan 115.35-115.25, Mar 118.70-118.60. Sales: 135 lots of 100 tonnes. Barley: May 112.40-111.60, Sept 103.55 only, Nov, Jan and Mar no trades. Sales: 73 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent May 25/June 10 118.75, June 116, July 115.5 transhipment East Coast sellers. English Feed fob May 122.50 East Coast seller. Maize: French second half April 135.50 transhipment East Coast seller. S. African White/Yellow May/June 90.50 seller. Barley: English Feed fob May 118 paid East Coast 118.50 seller. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: Eastern 118.00. Feed barley: Eastern 110.00, E. Mids 111.00, N. East 109.00, Scotland 114.00. The UK Monetary Coefficient for the week beginning Monday May 3 (based on HGCA calculations using four days exchange rates) is expected to remain unchanged.

RUBBER

The London physical market opened slightly steadier, attracted very little interest through the day and closed quiet. Lewis and Peat recorded a May fob price for No. 1 RSS in Kuala Lumpur of 209.0 (206.5) cents a kg and SMR 20 181.0 (179.0).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
May	57.50-58.00	56.70-58.80	58.00
June	58.50-59.30	57.70-57.90	58.70
Jly-Sept	58.80-60.00	58.80-59.00	60.00-59.50
Oct-Dec	61.80-61.90	60.60-60.80	62.10-61.30
Jan-Mar	63.50-63.60	62.40-62.50	63.60-63.10
Apl-Jne	65.00-65.10	64.00-64.10	65.10-65.00
Jly-Sept	66.50-66.80	65.50-65.60	—
Oct-Dec	68.10-68.30	67.00-67.20	—
J'n-Mch	69.70-69.90	68.50-68.70	69.70-69.20

Sales: 250 (230) lots of 15 tonnes, 4 (nil) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 57.00p (56.00p). June 55.00p (54.25p). July 55.75p.

SOYABEAN MEAL

The market opened £1-£1.50 higher on strong commission house buying and weaker sterling, reports T. G. Roddick, but eased on light trade selling.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
June	158.80-58.8	+0.85	159.50-58.70
August	138.50-38.8	+1.05	139.40-39.00
October	139.00-38.2	+0.65	140.00-38.20
Dec	142.10-42.3	+0.80	142.90-42.40
Feb	144.50-45.7	+1.10	—
April	146.00-46.5	+1.75	—

Sales: 128 (313) lots of 100 tonnes.

SOYABEAN OIL—The market opened $11.00 higher on stronger cash markets, reports T. G. Roddick. Profit-taking eased prices. Closing prices and business done (U.S. $ per tonne): June 508.00-18.00, untraded; Aug 511.50-13.50, 519.50-14.00; Oct 515.00-16.00, 519.50-14.00; Dec 518.00-18.50, 522.00-18.00; Feb 522.00-24.00, untraded. Turnover: 156 (223) lots of 25 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £127.00 (£126.00) a tonne cif April-May-June shipment. White sugar daily price £160.00 (£152.00).

First trades were a little higher in response to renewed Falkland concern. Trade selling appeared at the higher levels and the market back-tracked over the day, reports C. Czarnikow.

No. 4 Con-tract	Yesterday close	Previous close	Business done
	£ per tonne		
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]

Sales: 3,629 (8,102) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £334.00 (same) a tonne fob for home trade and £234.00 (£233.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for April 23: Daily price 9.03 (8.53): 15-day average 9.74 (9.88).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 218 tonnes. Despite the troubled international situation many customers were anxious to maintain supplies. Interest was shown in numerous varieties, with Middle Eastern and North American qualities predominating.

WOOL FUTURES

BRADFORD—Prices were unchanged, and there was a notable lack of new business. The domestic trade is still depressed. Some uncertainty is noted over supplies if the current international crisis is prolonged.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. May 389, 392, 392; Aug 408, 412, 417-412; Oct 414, 418, 420, 419; Dec 414, 420, 422; Jan 414, 421, 425-420; Mar 419, 428, 430-423; May 425, 439, 440-438; Aug 445, 448, 449-447; Oct 445, 455, 452-451. Sales: 59.

TEA AUCTION

LONDON TEA AUCTION—42,070 packages were on offer at yesterday's auction including 400 chests of offshore teas. This was a selective market. Assam CTC's were a weak feature and shed 2-3p amid substantial withdrawals: Sylhets sold readily close to valuations. Selected bright liquoring East Africans, together with coloury dusts, remained firm but mediums tended easier: Central Africans were irregular and often lost 1-2p. Improved quality Ceylons sold well at dearer rates, while South Indians were firm. Offshore teas met good support and sold readily at broker's valuations. Quotations: Quality 122p per kg (120p), medium 105p per kg (108p), plain 79p per kg (80p).

POTATOES

LONDON POTATO FUTURES—All positions opened higher, but eased during the day, reports Coley and Harper. Closing prices: Nov 65.60, -0.20 (high 67.00, low 65.20): Feb 75.90, unchanged (high 77.00, low 75.90): April 88.00, -0.10 (high 89.00, low 88.00): May 99.60, +0.70 (high 100.00, low 98.20). Turnover: 299 (142), lots of 40 tonnes.

★

GRIMSBY FISH—Supply poor, demand good. Prices at ship's side (unprocessed) per stone: shelf cod £5.00-£5.50, codlings £3.50-£4.50; large haddock £5.20-£6.20, medium £4.00-£5.00, small £2.40-£3.50; medium plaice £4.50-£5.80, best small £3.80-£4.70; skinned dogfish (medium) £4.00-£5.00; lemon sole (large) £9.50, (medium) £8.50; rockfish £2.10; saithe £1.90-£3.00.

MEAT/VEGETABLES

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 84.4 to 88.1; Ulster hindquarters 100.0 to 104.2, forequarters 58.5 to 62.5. Veal: Dutch hinds and ends 122.0 to 125.5. Lamb: English small (new season) 108.0 to 111.0, medium 100.0 to 104.0, heavy 100.0 to 102.0; Imported—New Zealand PL 62.0 to 64.7, PM 62.0 to 64.0, PX 61.5 to 63.0, YLs 60.5 to 62.0. Hoggets: English 93.0 to 100.0. Pork: English, under 100 lb 41.0 to 55.5, 100-120 lb 46.0 to 55.0, 120-160 lb 42.8 to 52.7.

MEAT COMMISSION—Average Fatstock prices at representative markets. GB—Cattle 101.69p per kg lw (-0.69). UK—Sheep 224.79p per kg est dcw (-12.48). GB—Pigs 73.03p per kg lw (-2.58).

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Spania: 15 kg Navels 42/130 4.60-5.60; Cyprus: 20 kg Valencia Lates 3.80-4.60; Jaffa: 20 kg Shamouti 50 5.50, 60 5.70, 75 5.60, 88 5.60, 105 5.45, 123 5.20, 144 4.20, 168 5.15; Morocco: 15 kg Valencia Lates 48/113 3.50-5.00. Topaz—Jaffa: 53/80 5.00-6.00. Lemons—Cyprus: 16 kg 4.00-4.80; Spania: trays 5 kg 40/50 1.20-1.50; Jaffa: 16 kg 80/105 4.50-5.00; U.S.: 17 kg 5.00-6.00. Outspan: 15½ kg 80/120 4.50-5.50; Italian: 100/120 3.50-4.00. Grapefruit—U.S.: 16/17 kg Texas Ruby 5.00-6.00; Jaffa: Ruby 7.50-8.00; Cyprus: small cartons 17 kg 3.20-5.00; Jaffa: 20 kg 27 4.25, 32 4.45, 36 4.45, 40 4.65, 48 4.60, 56 4.95, 64 4.75, 75 4.50, 88 4.00. Ugli

PRICE CHANGES

In tonnes unless otherwise stated.

	Apr. 26 1982	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$965/1075	......	$990/1020
Copper			
Cash h grade	£870.75	-2.75	£829.75
3 mths	£900.75	-2.5	£857.25
Cash Cathode	£865.5	-3	£826.5
3 mths	£895.25	-2.5	£853.75
Gold troy oz	$355.25	+2.75	$319
Lead Cash	£330.5	+2.25	£329.25
3 mths	£343.75	+2.5	£339.75
Nickel	£3926	......	£3824
Free mkt	245/275c	......	250/280c
Platin'mtr oz'y	£260	......	£260
Freemkt	£192.60	+2.2	£170.65
Quicksilver†	$365/375	-5	$385/395
Silver troy oz	418.30p	+11.5	392.80p
3 mths	431.90p	+12.10	405.50p
Tin Cash	£7090	-35	£7026
3 mths	£7312.5	-40	£7242.5
Tungsten22.0lb	$114.29	......	$124.86
Wolfrm 22.4lbs	$102/107	......	$111/117
Zinc Cash	£429.5	+1.5	£422.5
3 mths	£430.25	+1.5	£427.5
Producers	$860/900	......	$860/900
Oils			
Coconut (Phil)	$515u	......	$480
Groundnut	$685y	......	‡
Linseed Crude	‡	......	‡
Palm Malayan	$505v	......	$507.5
Seeds			
Copra Ph lip	$340y	+5	$335
Soyabean (U.S.)	$278y	......	$270
Grains			
BarleyFut. Sep	£103.55	+0.2	£102.85
Maize	£135.50	......	£133.5
Wheat Fut.July	£123.85	+0.6	£119.20
No.2HardWint	‡	......	‡
Other commodities			
Cocoa ship't*	£1039	+56	£1021
Future May	£978.5	+52	£1010.5
Coffee Ft' July	£1166.5	+28	£1183.5
Cotton A.Index	71.35c	-0.05	70.70c
Gas Oil May	$299.25	+6.5	$260
Rubber (kilo)	57p	+1	54.5p
Sugar (Raw)	£127yv	+1	£146
Woolt'ps 64s kl.	401p kilo	......	392pkilo

‡ Unquoted. x May. v June. y April-May. u May-June. † Per 76-lb flask. * Ghana cocoa. n Nominal. § Seller.

Fruit — Jamaican: 14/56 5.00-6.00. Ortaniques—Jamaican: 46/128 5.00-6.50. Apples—French: Golden Delicious 9 kg 4.20-4.40, 18 kg 7.50-8.60; New Zealand: 18 kg Cox's Orange Pippins 12.50-14.00; Chilean: 18 kg Granny Smith 11.00-11.80; S. African: 18 kg Golden Delicious 11.00-12.00, Starking 11.50-12.00, Granny Smith 12.50-13.00; U.S.: 18 kg Red Delicious 9.00-14.00; French; Starkcrimson 7.50-10.00.

English Produce: Potatoes—Per 55 lb, White 4.20-4.50, Red 5.00-5.80, King Edwards 4.75-5.50. Mushrooms—Per pound, open 0.50-0.60, closed 0.60-0.90; Apples—Per pound, Bramley 0.20-0.30, Idared 0.18-0.23. Pears—Per pound Conference 0.16-0.30. Lettuce—Per 12, round 0.80-1.60, Cos 10s 2.50. Cucumbers—Per tray 12/16s 2.00-2.50. Onions—Per 55 lb 40/80mm 2.50-4.00. Carrots—Per 28 lb 2.00-2.50. Beetroots: Per 28 lb, round 1.00-1.20, long 1.20. Swedes—Per net 1.00-1.20. Rhubarb—Per pound, outdoor 0.08-0.10. Leeks—Per 10 lb 1.00-1.40. Parsnips—Per 28 lb 1.20-1.50. Turnips—Per 28 lb 1.40-1.60. Cucumbers—Per package 2.40-3.00. Greens—Per 30 lb 2.00-2.40. Tomatoes—Per pound D/E 0.35-0.45. Cauliflowers—Per 16/24 Kent 4.50-6.00.

GOLD MARKETS

Gold rose $2¼ an ounce from Friday's close in the London bullion market yesterday to finish at $354¾-355¾. This was around its worst level of the day, having opened at $364-364¼, and was prompted by profit taking after the recent sharp rise.

In Frankfurt the 12½ kilo bar was fixed at DM 27,655 per kilo ($363.01 per ounce) against DM 26,840 ($348.02) on Friday and closed at $356¾-357¾.

In Paris the 12½ kilo bar was fixed at FFr 71,700 per kilo ($360.02 per ounce) in the afternoon compared with FFr 71,700 ($360.56) in the morning and FFr 69,590 ($345.67) on Friday afternoon.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was $362.50 at the fixing.

In Zurich gold closed at $356-$359.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	£ per troy ounce		
August	207.45-7.50	+1.20	212.55-5.70
Sept'mb'r	209.45-9.50	+1.55	215.80-10.10
October	211.50-1.55	+1.40	216.45-11.38
November	215.65-5.80	—	218.80-15.75

Turnover: 1,153 (1,204) lots of 100 troy ounces.

	April 26		April 23	
Gold Bullion (fine ounce)				
Close	$354¾-355¾	(£199¾-200¼)	$352-353	(£199-199½)
Opening	$364-364¼	(£199¾-200¾)	$345-346	(£194½-195)
Morning fixing	$361	(£203.782)	$346.75	(£196.705)
Afternoon fixing	$357	(£201.127)	$352.25	(£198.596)
Gold Coins				
Krugerrand	$365¾-366¾	(£205¾-206¼)	$362½-363¼	(£204¾-205¼)
1/2 Krugerrand	$188½-189½	(£106-106¾)	$187-188	(£105¾-106¼)
1/4 Krugerrand	$96-97	(£54-54½)	$95¼-96¼	(£53¾-54½)
1/10 Krugerrand	$39¼-40¼	(£22-22¾)	$39-40	(£22-22½)
Mapleleaf	$364½-366	(£205-206)	$361½-363	(£204¼-205¼)
New Sovereigns	$86¼-86¾	(£48½-48¾)	$85½-86	(£48¼-48½)
King Sovereigns	$97-98	(£54½-55)	$98-99	(£55½-56)
Victoria Sovs	$97-98	(£54½-55)	$98-99	(£55½-56)
French 20s	$77½-87½	(£43½-49¼)	$77-87	(£43½-49¼)
50 pesos Mexico	$435¾-439½	(£245¼-247¼)	$432-435¾	(£244¼-246¼)
100 Cor. Austria	$343¾-346¾	(£193½-194¾)	$340¾-343¼	(£192½-193)
$20 Eagles	$442-447	(£248¾-251½)	$440-445	(£248½-251½)

Further decline seen in Malaysian palm oil exports

KUALA LUMPUR. — Indonesia's exports of crude palm oil this year are expected to decline further this year to 150,000 tonnes, according to Malaysia's palm oil registration and licensing authority (Porla). Indonesia's palm oil production this year is estimated to reach 810,000 tonnes, a 9.5 per cent rise over last year's level of 740,000 tonnes.

Malaysia's palm oil exports last year totalled 2.48m tonnes, an increase of 8.8 per cent over 1980s 2.28m, Porla figures show.

Exports were worth 2.8bn ringgit compared to 2.62bn in 1980, showing a decline in the average per unit value, Porla said in its April bulletin.

Crude palm oil exports were only 138,779 tonnes, a drop of 58,880 tonnes over 1980, an indication that CPO exports may eventually tail off, Porla said.

PORLA gave the reason as the large domestic demand for crude palm oil by the many refineries in the country.

The decline in CPO exports was amply offset by processed palm oil exports which increased by 260,711 tonnes or 12.5 per cent to raise its share from 91.3 per cent in 1980 to 94.4 per cent last year, PORLA added. Indonesia imported 40,000 tonnes of processed oil from Malaysia last year.

PORLA noted that the bulk of of the increased exports was in fully refined products.

● In Bonn the East Bloc Agricultural Newsletter said the Central Committee of the Soviet Communist Party recently decided on measures to increase production and state purchases of sunflowerseed, soyabeans, rapeseed and other oilseeds and improve their quality.

It said the measures include the improvement of areas sown to oilseeds through the wide use of the latest scientific methods and the strengthening of farms' material and technical base.

The ability of oilmills to dry, prepare and store oilseeds will also be improved, it said.

The newsletter said other measures included shortening the harvesting period, using oilseeds purely for crushing and not for feed usage and quicker cultivation of new early ripening strains and hybrids of sunflowerseed, soyabeans and other oilseeds.

These hybrids will be more resistant to parasites and disease and mechanical harvesting of them will also be possible, it added.

Reuter

EUROPEAN MARKETS

ROTTERDAM, April 26.

Wheat—(U.S. $ per tonne): U.S. No. 2 Dark Hard Winter, 13.5 per cent: April 207, May 203, June 202. U.S. No. 2 Red Winter: April/May 170.50, U.S. No. 3 Amber Durum: April/May 182, May 183, June 183, July 184, Aug 185, Sept 190, Oct 192, Nov 194. U.S. No. 2 Northern Spring, 14 per cent: May 190, June 188, July 187, Aug 188, Sept 189, Oct 192.50, Nov 193.50. Canadian Western Red Spring: May/Sept 205.

Maize—(U.S. $ per tonne): U.S. No. 3 Yellow: Afloat 131, April/May 137.75, May 138, June 138, July/Sept 139, Oct/Dec 136.75, Jan/March 145.50 sellers.

Soyabeans—(U.S. $ per tonne): U.S. No. 2 Yellow, Gulfports: May 271.75, June 272, July 273.50, Aug 275.25, Sept 276.50, Oct 272.50, Nov 272.50, Dec 277, Jan 282.50, Feb 288, March 290 quoted; June 271.50 traded.

Soyameal—(U.S. $ per tonne), 44 per cent: Afloat 245, April 236, May 236.50, May/Sept 237.50, Nov/March 246 sellers. April 238.50/239; May 236.50 reported traded. Soyamel Brazil: Afloat 255 at 247 (depending on position), April 247, May 248, May/Sept 245.50, Nov/March 256.50 sellers.

Cocoa—(FFr per 100 kg): May 1045/1050, July 1115 asked, Sept 1160 asked, Dec 1180/1189, March 1210/1240, May 1230/1240, July 1245/1265. Sales at call: nil.

Sugar—(FFr per tonne): July 1665/1700, Aug 1681/1686, Oct 1655/1665, Nov 1655/1666, Dec 1670/1690, March 1740/1747, May 1775/1785, July 1820/1830. Sales at call: nil.

INTERNATIONAL COMPANIES and FINANCE

HUNT BROTHERS INCREASE INVESTMENT

Briton buys stake in Gulf Resources

BY PAUL BETTS IN NEW YORK

MR ALAN CLORE, the son of the late Sir Charles Clore, one of Britain's wealthiest men, has acquired 14.3 per cent of the common shares of Gulf Resources, the troubled U.S. mining and chemicals company for $26m.

The British businessman, in a filing with the U.S. Securities and Exchange Commission, indicated that he may seek "to influence the management of the company."

Although Mr Clore has held a small share stake in the U.S. company for some time, Gulf Resources said it was surprised to learn that the British businessman had acquired such a large holding through a Panama company he controls.

Mr Clore has been known for investing in possible takeover targets in the U.S. and then forcing the hand of the management of such companies. He was involved in the recent take-over of the Marshall Field retail chain by British American Tobacco and also, two years ago, in the Pullman takeover which finally led to the merger between Pullman and Wheelabrator-Frye.

Moreover, the Hunt brothers of Dallas have also increased their stock holding in Gulf Resources. In another SEC filing, their Placid Oil Company disclosed it had increased its stake in Gulf Resources from about 9 per cent to 11.58 per cent.

Although Placid Oil has so far claimed that the increase of shareholding was an investment decision, the company has not ruled out additional purchase of Gulf Resources shares.

This has led to speculation on Wall Street that the Hunts and Mr Clore could be contemplating a move to gain control of the company or jointly influence its management.

What has surprised Wall Street is that these two parties should have decided to increase their investment in the troubled company which lost $77.9m last year on revenues of $375.4m. This heavy loss reflected the company's write-off of its Bunker Hill Mining and Smelter operations in Idaho.

In the filing with the SEC, Mr Clore and the Panamanian company he controls—Zopress Commercial—said they held 1,286,600 shares of Gulf Resources including 148,800 shares acquired last Thursday from Hanson Holdings Nederlands BV, a subsidiary of Hanson Trust, the London-based holding company.

The additional shares were acquired at $22 a share or for about $3m.

CSFB lead manages $100m bond offer

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

UNDAUNTED by changes in its senior management Credit Suisse First Boston was back in force in the Euromarket yesterday as lead manager of a $100m, seven-year 15 per cent issue for Banque de l'Indochine et de Suez.

The bonds, which are priced at par, are jointly led with the borrowing bank.

Elsewhere, the Eurobond market doggedly continued to move higher yesterday despite a much weaker opening in Wall Street which normally sets the tone for Europe.

Six-month Eurodollars shed almost ½ point to 14½ per cent in the wake of better than expected U.S. money supply figures announced over the weekend, and fixed rate dollar bonds rose by ½ point on average in active trading.

Dealers said the movement in Europe was a sign that investors on this side of the Atlantic remain confident that long-term rates are likely to move lower. Good investor demand for new issues continues and prices of some seasoned bonds were also pushed higher yesterday by professional short-covering.

Swedish Export Credit yesterday attempted to profit from the stronger tone of the Eurobond market by launching a $100m, eight-year 14½ per cent issue through Goldman Sachs, CSFB and Morgan Stanley.

A general market reaction was that the coupon was rather aggressive as Swedish issues are not as popular with Swiss investors as those for names such as British Columbia Hydro and Union Carbide, which launched issues at this level last week.

Some leeway to find the right yield level for this issue, however, been left as the issue price is still open until Thursday.

In the floating rate note sector Mexico's largest commercial bank Bancomer is offering $60m at a margin of ¼ per cent over six-month Libor. The subordinated notes carry a minimum coupon of 5½ per cent and will be redeemed in five equal annual instalments beginning in 1986. Lead manager is Orion Royal Bank.

In Germany, where bond prices firmed by about ½ point yesterday, Philip Morris has launched a DM 100m, eight-year 8½ per cent issue through Dresdner Bank, while elsewhere Italy's state holding company IRI is raising Yen 10bn over 13 years with a coupon of 8½ per cent and issue price 99½ through Industrial Bank of Japan.

Swiss franc foreign bonds were little changed as inflation fears revived following adverse consumer price figures for the City of Basle last month. The European Investment Bank's SWFr 100m, 10-year issue was given a coupon of 7 per cent and issue price 100½ by lead manager Credit Suisse.

Current bond issues

Several lines were transposed in yesterday's table relating to lead managers for current Eurodollar issues.

The lead manager of the Commercial Credit Finance issue is Continental Illinois. Lead managers of the Sabah Development Bank issue are Bank Bumiputra, First Chicago and the National Bank of Abu Dhabi. Lead managers of the European Asian Bank issue are Merrill Lynch and Samuel Montagu. Lead managers of the J. P. Morgan issue are Morgan Stanley, Morgan Guaranty, CSFB and Salomon Brothers.

Modest gain for defence group

By Our Financial Staff

A MODEST gain in earnings in the second quarter brings the total for the first half year at Rockwell International to $156.7m or $2.05 a share, against $148m. For the full year, analysts have forecast a rise in earnings from $3.84 to about $4.50 a share from the defence and aerospace giant.

The board said that in the second quarter, the aerospace and electronics divisions had achieved gains in earnings that more than compensated for falls in the general industries and automotive businesses.

Relatively flat sales of $1.80bn for the quarter, against $1.79bn, reflected the recession and the company's programme to dispose of product lines and businesses not fitting its strategic plan. In the first quarter, sales were *1.3 per cent down*.

Second quarter earnings moved ahead *from* $92.6m or $1.22 a share to $94.8m or 1.21 a share.

Further gains are expected this year from the aerospace divisions, which turned in about 40 per cent of last year's profits. Some recovery is also hoped for in the automotive operations which made no profit last year

But the major boost for the long term is likely to come from the resumption of U.S. defence spending. Rockwell is prime *contractor for the* B-1B bomber, and has a strong *presence in* weapons guidance systems and navigational aids and avionics.

The revival of the U.S. B1 bomber *project* will add between $600m and $700m to *group revenues this year*.

Wickes seeks protection at bankruptcy court

BY OUR NEW YORK STAFF

WICKES COMPANIES, one of America's largest retailers with annual sales of more than $4bn, 3,200 retail outlets and 100 manufacturing facilities both in the U.S. and abroad, is the latest and the biggest victim of the recession.

The Los Angeles company, which has debts of $2bn and losses for its latest fiscal year expected to be well over $80m filed for protection from its creditors in a U.S. Federal bankruptcy court at the weekend.

Wickes is by far the largest company to seek bankruptcy court protection in this recession. The biggest similar case was that of AM International, the Chicago office equipment group, which on April 14 files for relief from creditors under Chapter 11 of the U.S. bankruptcy laws.

Chapter 11 enables a company to continue to operate under its existing management under Federal Court protection from creditors while it works on a debt repayment and recovery plan.

The Wickes filing is one of the largest bankruptcy cases of its kind in American history.

Wickes is one of the leading retailers of lumber and building materials, with 375 stores in the U.S. and 65 in Europe. It has been hit by the particularly bad recession in the housing and building industry.

It recently appointed a new chairman, Mr Sanford Sigoloff, regarded as a corporate salvage specialist who successfully rescued another troubled retailer, Daylin, in the Seventies. But Mr Sigoloff said at the weekend: "After an intensive review of Wickes Companies' operational and financial problems, including its massive debt burden and ongoing interest expense, the new management has concluded that prompt and decisive action must be taken to preserve the company's assets and to reverse its seriously deteriorating condition."

For this reason, he decided to file under Chapter 11 of the bankruptcy law. Wickes' European operations, Wickes Machine Tool group, and a number of other divisions were excluded from the filing.

Mr Sigoloff indicated it would probably take about three years to turn the company round. Wickes' creditor banks, which consist of a syndicate of 44 banks led by Security Pacific National Bank of Los Angeles, had already indicated they were willing to delay some $70m in debt repayment due on April 30. But the new management clearly felt it could no longer continue without protection

IBM hindered by strong dollar

BY OUR FINANCIAL STAFF

THE ADVERSE effect of foreign currency translation on quarterly results of International Business Machines will not level off until after the second half of the current year if the strength of the dollar remains constant throughout the year, according to Mr John Opel, IBM's president.

He told shareholders at the annual meeting in Jacksonville, that if the dollar gets any stronger, comparisons with 1981 results could be depressed for the year.

Mr Opel added that he does not want to forecast that the dollar will strengthen over current levels, and said that IBM expects strong orders and shipments this year.

In 1981, IBM registered earnings of $3.31bn, or $5.61 a share, on revenues of $29.07bn. Foreign currency translation reduced 1981 revenues by more than $2bn and net income by more than $600m.

Mr Opel also revealed that IBM's directors decided not to increase the company's cash dividend because the group is channelling much of its capital back into the business. Earlier, a regular quarterly dividend of 86 cents a share was announced.

IBM, the president stated, now expects to begin realising the productivity gains made possible by its sizeable investment in research and development and capital expansion. Over the past six years, IBM spent $7.9bn on R and D and $9.2bn on plant, equipment and other property.

Capital expenditures for 1981 totalled $6.8bn and R and D costs were $1.6bn.

Mr Opel said after the meeting that IBM has not suffered the effects of the economic recession because it has introduced several new products which have been well received. The group is developing products designed to improve office productivity and efficiency, which are less susceptible to an economic downturn.

IBM has increased its goals for shipments of its personal computer since the product was introduced last year, and hopes to increase production of the product throughout the year.

A number of arrangements with licensed dealers for the personal computer are being considered and IBM will expand that form of distribution as quickly as possible.

IBM does not have any plans at the moment to develop a personal computer using the APL programming language. The personal computer currently is available with basic Fortran and some other languages.

Mr Opel also indicated that the Justice Department's settlement agreement ending its anti-trust case against American Telephone and Telegraph will benefit IBM because the agreement clarifies the areas in which AT&T can legally compete.

Alan Friedman looks at the exodus of four CSFB high fliers

Lehman to build its Euromarket presence

"WE ARE not focusing on Credit Suisse First Boston (CSFB) alone. This represents a long-term effort by Lehman Brothers Kuhn Loeb to build a presence in Europe."

With these words, Mr Peter G. Peterson, chairman and chief executive of Lehman Brothers, sought yesterday to quash rumours that his investment banking group had deliberately raided several key Eurobond market executives from CSFB.

"Quite the contrary," Mr Peterson added. "We have also attracted personnel from Merrill Lynch and Salomon Brothers."

Lehman has indeed hired four Euromarket executives from CSFB, Mr Bruce Crystal, a floating rate note trader from Salomon Brothers, and Mr Cliff Hazell, a fixed-interest bond trader from Merrill Lynch.

Lehman has had a modest presence in the Euromarket hitherto, and is trying to build up its operation as quickly as possible. Mr Jacques Gelardin, the CSFB executive director who will become a Lehman partner and head of the Lehman capital markets division, said he and his colleagues resigned from CSFB because they "saw an opportunity to build a new organisation in Europe and to join at ground level."

Mr Stephen Bershad, the London-based Lehman partner who snatched Mr Gelardin, Mr Peter Luthy, Mr Peregrine Moncreiffe and Mr Craig Anderson from CSFB, said the Eurobond business was becoming "increasingly opportunistic." "The only way to capitalise on the market is to have the best people who can do the best deal at any moment."

The Euromarket was awash with rumours yesterday, however, CSFB is the leading new issue house in Europe, and it is also the house with the most volatile management record. No fewer than a dozen senior and middle-level CSFB executives have resigned over the past year or two.

The departures began with the resignation of Mr John Craven as chief executive three years ago. More recently Mr David Potter, Mr Fred Pettit and Mr Philip Seers have given up their directorships.

Four deputy chairmen—Mr Hans-Joerg Rudloff, Dr Hans Ulrich Doerig, Mr Robert Strebel and Dr Eric Gabus—have been appointed in the past month. Mr John Hennessy of First Boston has just been appointed as chief executive of Financiere Credit Suisse First Boston.

Any Eurobond house with as successful a track record as CSFB and as high a management profile is bound to be the most popular subject for gossip at European bankers' lunch tables.

The departure of the four Euromarket executives will be a heavy blow to CSFB, but not an insuperable one. It will not be lessened by the simultaneous departures of two other executives, Mr Philip Seers and Mr Giles Clarke. Mr Seers is going to work as a consultant with Mr Craven, the former chief executive.

Mr Rudloff, the deputy chairman who is in charge of new issues, will have substantially to rebuild his new issues staff. But this can be achieved, and Mr Rudloff is a talented and energetic man. The damage is more to CSFB's image than to its market ability. Its record of management upheaval has raised eyebrows in the Euromarket.

The reasons for this upheaval can be traced both to the structure of the organisation and to the type of people who are drawn to work there. CSFB is the product of a complicated shareholding arrangement between Credit Suisse and First Boston Corporation; the integration of the two sides has not been without its management problems.

A further reason why CSFB is such a turbulent organisation is that it is a high-pressure environment in which a number of aggressive and motivated bankers work. The executives, who are seeking professional success and career advancement, must take risky decisions in short periods of time. This leads to intense competition and sometimes frustrated ambitions within the bank.

No bank in the tough world of the Euromarkets is immune from internal dissent. In February, 1980, a disagreement within the Euromarket department led to the immediate departure of three executives from Lehman Brothers. It has taken Lehman two years to put together its 20-strong Euromarket team, and the process has required the personal enthusiasm of Mr Peterson and Mr Lou Glucksman, Lehman's president.

Lehman's team is now in place; its next task is to prove its mettle in the market.

As for CSFB, it was back in action last night with a new issue, only hours after the departure of Mr Rudloff's key deputies.

NORTH AMERICAN QUARTERLY RESULTS

[illegible]

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday May 12. Closing prices on April 26

[illegible]

Peter Montagnon looks behind the financing of developing countries

The dangers of short-term debt

FEW QUESTIONS have taxed the minds of international bankers so continuously over the past few years as the creditworthiness of developing countries.

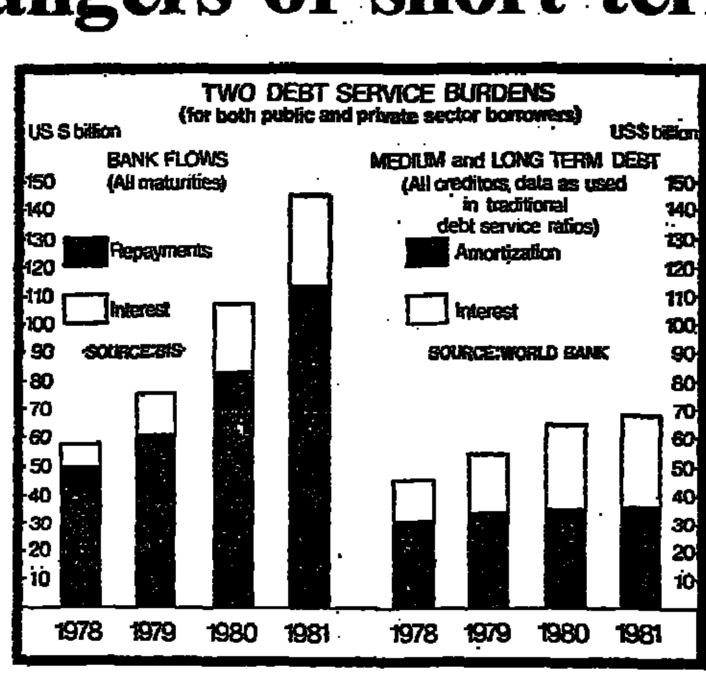
Their nervousness is all the more understandable when one remembers that the total debt of non-oil developing countries amounts to about $525bn. According to recent estimates by Bankers Trust, the nine largest U.S. banks have lent almost twice their capital and reserves to six of the largest developing country borrowers—Brazil, Mexico, Korea, Argentina, the Philippines, and Taiwan.

Yet the question nobody seems able to answer is whether this debt does actually contain the germ of a major financial catastrophe. Few bankers can easily explain why it is that some countries run into financial difficulties, while others happily continue to borrow ever larger amounts of cash.

When Zaire ran into debt problems its debt service ratio was little more than 10 per cent; yet Brazil is still able to borrow with a debt service ratio of about 60 per cent.

A study by Amex Bank has attempted to explain this problem. In doing so, the bank has introduced some disturbing insights into developing country finances by adding the mass of largely uncharted short-term debt into the equation.

Conventional analyses of developing country debt concentrate on the debt service ratio which is the relationship of service payments on medium- and long-term debt to visible export receipts.



Amex Bank has sought to flesh out this approach by looking at these countries' total cash flow relationship with international banks. In brief, it concludes that they face a much more onerous debt service burden than normally supposed; short-term borrowing has become much more prevalent and net transfers by banks to developing countries, which amounted to $25bn in 1977, all but ceased last year.

Last year, it says, total debt service payments by developing countries probably amounted to about $175bn. Yet normally quoted figures, which include only payments on medium- and long-term debt, show a total of only $69bn.

On a traditional yardstick their debt service ratio rose only slightly to 19 per cent from 16 per cent in the five years 1977 to 1981. The fuller picture which emerges after inclusion of short-term debt and invisible export earnings shows that debt service payments actually took about half their current account balance of payments receipts last year compared with less than one third in 1977, Amex says in its latest Amex Bank Review.

The bank also offers some other figures that underline the scale of short-term borrowing by developing countries since they began to prefinance more and more of their export sales.

Last year, developing countries were due to repay about $122bn in credits raised $2m commercial banks, it says. Yet only about $17bn of this represented medium-term debt.

In the next few years, the debt repayment burden is likely to increase because eurocredits since 1978 have increasingly been on shorter maturities, Amex Bank says.

Normally speaking, economists tend to play down the importance of short-term borrowing by developing countries because much of it is automatically repaid as payments come in for exports which have been financed in this way.

Yet Amex Bank says that it is in the short-term credit area where most debt problems eventually arise—either because of a sudden lack of confidence among lenders or because an excessive use of short-term debt leads to a bunching of repayments.

As a result developing countries face a critical task of cash-flow management, it says. Failure to meet this challenge may well explain why some countries are forced into rescheduling even while their traditional debt service ratio is rather low.

Last year developing countries received $145.2bn in new credits and interest payments from commercial banks. But they paid back $144.7bn in debt repayments and interest charges.

With figures as close to balance as this, there is little leeway left to cope with unexpected political and economic shocks.

German Brown Boveri cuts payout

By Kevin Done in Frankfurt

BROWN BOVERI of West Germany, the 56 per cent-owned subsidiary of the Swiss electrical engineering group, has beneforced to cut its dividend 25 per cent to DM 6 per share because of the continuing sharp fall in profits.

Group after-tax profits fell by 25 per cent in 1980. Last year's results — to be released later this week — are expected to show a further steep decline, despite a 17 per cent rise in turnover to DM 4.7bn.

The company has been hit by the rising cost of raw maerials and labour, which it has been unable to pass on. At the same time, certain business sectors have been working well below capacity levels.

Sales in the domestic market have been hit by the continuing recession in the West German market and virtually stagnated in 1981 with a nominal rise of only 6 per cent.

Foreign sales rose by 32 per cent last year, however, and accounted for 47 per cent of group turnover compared with 42 per cent in 1980.

Schering to sell subsidiary

By Leslie Colitt in Berlin

SCHERING, the West German pharmaceutical and chemicals group, plans to sell its subsidiary, Isar - Rakoll - Chemie (IRC) of Munich, to H. B. Fuller of the U.S.

IRC produces industrial adhesives for the shoe, wood products and construction industries. It had a turnover of DM170m last year, and is said to be one of the largest companies in its field in Europe.

Fuller make adhesives, waxes, hot melts and sealing compounds. It has production facilities in West Germany, France, the UK and Scandinavia.

Schering said IRC no longer fitted in its overall company strategy, although it is profitable.

BNP boosts profit and expands balance sheet

BY TERRY DODSWORTH IN PARIS

BANQUE Nationale de Paris, largest of the French nationalised banks, raised consolidated profits last year by 30 per cent from FFr 898m to FFr 1.2bn ($194m).

The figures show that BNP has continued with the strong recovery which began in 1980, when profits increased by 54 per cent. The balance sheet, which includes all the companies in which BNP has more than a 49 per cent stake, also expanded sharply, going up 25 per cent to FFr 613bn.

At the parent company level, however, BNP registered a slight drop in profits, which fell 2 per cent to FFr 591m. These results echoed a similar performance from Credit Lyonnais, the second largest of the nationalised group, which saw earnings drop to FFr 469m from FFr 476m.

To some extent the parent company setback reflected the exceptional taxes levied on the banks last year—BNP paid FFr 318m. Normal tax accounted for FFr 637m, while the bank set aside another FFr 3.3bn in provisions against dubious loans.

The parent company balance sheet rose 22 per cent to FFr 552bn, while deposits rose 8.6 per cent and loans 22.8 per cent.

It is not clear yet whether the pattern of BNP's results will be followed by other French banks. But initial indications are that most French banks were also heavily dependent on overseas earnings for their 1981 profits.

Pernod-Ricard acquires fruit treatment group

BY OUR PARIS STAFF

PERNOD-RICARD, market leader in the French drinks business, has bought control of SIAS-MPA, a fruit treatment company which is claimed to be the leading world processor of fruit for the yoghurt and ice cream industries.

Full details of the agreement were not available last night. But the acquisition is expected to cost Pernod about FFr 60m ($9.7m). The stake has been bought from Lafarge-Coppee, the cement group, which recently took over SIAS-MPA's parent company as part of its diversification into biotechnology.

Pernod-Ricard said the deal fell within its strategy of diversifying overseas and away from the alcoholic drinks business. It has recently bought a number of soft drinks interests in France.

About two-thirds of SIAS's FFr 300m turnover is generated overseas, while 190 of its 350 workforce are based outside France. The company has two factories in France, one in West Germany, and two in the U.S. It is due to open a further unit in Mexico in the course of this year.

Norwegian shipbuilder cuts losses

By Fay Gjester in Oslo

AKER, the Norwegian shipbuilding and offshore fabricating group, reports reduced losses for 1981. But the group is increasingly pessimistic about its prospects. New offshore fabricating contracts have either been delayed or lost to foreign yards.

AKER also foresees increasing competition on the world shipbuilding market. Norway's heavy engineering industry is "losing ground" in both the shipbuilding and North Sea platform fabrication markets as a result of competition and "better subsidy arrangements" at foreign yards, says the group.

Group turnover in 1981 reached NKr 3.62bn, compared with NKr 2.28bn, and operating profits were NKr 20.9m after depreciation compared with loss of NKr 4.3m. Net financial costs were lower so before extraordinary items and tax. The deficit was NKr 60m, compared with NKr 117.5m. For the eighth year running no dividend is being paid.

Much of the improvement followed the gradual run down of activities at Nylands Verksted, the group's Oslo ship and platform building facility.

UBS sees slow growth

BY OUR FINANCIAL STAFF

UNION Bank of Switzerland, the major Swiss bank, expects balance sheet growth to "develop at a slow pace" in the second quarter of 1982, although earnings will remain satisfactory.

Total assets declined by about SwFr 500m to SwFr 93.3bn in the first quarter. The dollar exchange rate and the price of gold had moved in opposite directions, "neutralising" the impact of each on assets, said the bank.

Balances due remained unchanged while balances to banks had declined by about SwFr 1bn.

Non-bank deposits had risen to SwFr 55.4bn. Demand deposits had suffered a decrease of SwFr 1.7bn but the sum was offset by a rise of SwFr 1.9bn in time deposits.

Savings had stagnated but deposits grew by SwFr 151m which the bank said "seems to have been partially due to parked funds" as a result of the conditions of world stock markets.

HK$1.6BN STOCK MARKET RAID

HK Land buys 20% of HK Electric

BY ROBERT COTTRELL IN HONG KONG

A CONSORTIUM led by Hongkong Land yesterday bought approximately 20 per cent of the issued shares and share warrants in Hongkong Electric Holdings for an estimated HK$1.6bn (U.S.$275m). Additional purchases are planned today.

The buying was done in a day-long market operation by Jardine Fleming, which announced shortly after the Hong Kong markets opened that it was seeking the 222m shares at up to HK$6.75 each, and the 12m warrants at up to HK$9.40 each. Electric successfully requested a suspension of its quote after learning of the raid, but the suspension lapsed in the course of the day and by evening Jardine announced that it had obtained the shares at prices of between HK$6.30 and HK$6.75 each. It says it will be buying more shares today, but not to the extent that its clients breach the 35 per cent holding which triggers a full bid under the Hong Kong takeover code. It is not known how many Electric shares the purchasing consortium held before today's buying. Prior to the bid, the shares had closed over the weekend at HK$5.15.

Hongkong Land is one of the world's largest property companies. It recently reported 1981 profits of HK$1.43bn, and it already owns 34 per cent of another local utility, Hongkong Telephone Company, which it bought between December and February last. Its partners in the consortium have not been named, but it is believed here that the fast-growing Carrian Group, which is already in other joint projects with Land, is involved in the Electric purchase. Comment was not available from Carrian yesterday.

Electric is one of Hong Kong's two power utilities. It covers the Hong Kong and Lamma islands, while China Light and Power covers the mainland territory including Kowloon. Electric saw net profits in 1981 of HK$611.1m, and paid dividends of 29 cents. Land's HK$8.75 top price thus represents a price/earnings ratio of 12.5 on Electric's stated earnings. Electric's earnings from power generation and supply are controlled by agreement with the government, which sets a rate of return on net fixed assets.

Electric's subsidiary activities include electrical appliance sales, engineering, project management, and property. In 1980 it floated jointly with Cheung Kong (Holdings) a new property company, International City Holdings, to which it sold sites worth HK$2.1bn, and in which it took a one-third shareholding.

The Land-led raid has left the local markets puzzled on a number of points: why Land should want a large but still minority stake in a power company; who its partners are, and why it should need them; and why the raid should have been complicated by the share suspension.

"Land is really being quite aggressive at a phase in the market which suits it," says Mr Ed Lamond of W. I. Carr (Overseas), pointing to Land's large solid recurrent rental income which it can afford to spend while rivals are financing new and unsold projects for sale at prices which look potentially less attractive. Land is now paying a premium of around a third over the preceding market price for its electric shares. The market has been generally depressed, though some believe it may now be coming off the bottom.

● The Land offer helped the Hong Kong markets to register their strongest gain of recent weeks. In relatively heavy trading, the Hang Seng Index closed 43.43 points up at 1279.27.

Advance in Amaprop earnings

By Thomas Sparks in Johannesburg

ANGLO AMERICAN PROPERTIES (AMAPROP) the South African property company, increased pre-tax profit to R17.8m ($16.9m) in the year to March 31, from R5.4m.

The figures are not strictly comparable, since Amaprop merged with Sorec, another property company in the Anglo-American group, on January 1, 1981.

New developments during the past financial year included a parking and retail complex in central Durban, the construction of a major office block near the Johannesburg stock exchange, and other major rebuilding and conversion projects in central Johannesburg.

A total dividend of 14 cents has been declared from earnings of 22.5 cents a share.

San Miguel reports first downturn in a decade

BY EMILIA TAGAZA IN MANILA

SAN MIGUEL, the Philippines' largest food and manufacturing concern, has announced its first downturn in profits for a decade. Net income amounted to 283m pesos (US$34m), 22 per cent down

The company attributes the decline to tight market conditions which prevented the company from raising prices of some of its products to compensate fully for the continuing rise in production and operating costs.

The company reports that beer sales, which account for about 30 per cent of San Miguel's total revenue, declined although it did not disclose the beer sales volume. Sales of other products, including glass containers, corrugated board, plastic crates and metal closures, increased but production volumes of these items were below the company's expectations.

Sales increased only 5 per cent to 5.4bn pesos ($644m) from 1980's 5.1bn pesos. This was the lowest growth rate in 10 years. Meanwhile, operating costs rose almost 10 per cent to 4.5bn pesos.

Mr Andres Soriano, the chief executive, and Mr Ernest Kahn, the president, do not expect material improvement in either the Philippine economy or in their company's performance this year.

● Rising costs, tough competition from imported tyres, and stagnant tyre prices have pushed down Sime Darby International Tire's 1981 net income to 28.5m pesos ($3.4m), 18 per cent less than 1980's profit of 35.1m pesos.

Clal profit growth ahead of inflation

By L. Daniel in Tel Aviv

CLAL, the Israeli investment company which controls 170 concerns in the fields of industry, real estate and commerce and services, increased group net profit last year by 150 per cent to Shl 702m ($35m).

This compares with a rate of inflation last year of 103 per cent.

The balance sheet total of Shl 8.64bn ($430m) represented a gain of 157 per cent.

The cash dividend is unchanged, at 20 per cent, and there is also to be a one-for-one scrip issue, as for 1980.

The Israel Discount Bank and Bank Hapoalim hold 60 per cent of the capital of Clal, and the public 40 per cent.

One of the subsidiaries, Clal Electronics, is to float a $10m issue on the U.S. capital market.

WARM WEATHER HITS CLOTHING SALES

Slowdown for Japanese supermarket chains

BY YOKO SHIBATA IN TOKYO

JAPAN'S SIX big supermarket chain store operators reported slower growth in earnings in the fiscal year ended February 28, 1982. They blame weakened consumer spending and warm winter weather.

Most of the supermarket companies saw sales growth comparable to that of the previous year. Ito-Yokado and Jusco managed to report double digit growth in sales, thanks to rapid expansion of their sales areas.

Jusco performed well and took over the third position in terms of turnover from Seiyu Store. But in the current fiscal year ending February 1983, Jusco expects slower growth in sales because the number of new premises allowed to open will be limited by the Government's rigid restrictions on the opening of big new stores. To cope with this restriction, Jusco plans to open 70-80 convenience stores this year in metropolitan areas. Jusco's operating profits are projected at Y17.6bn ($72.4m), up 8.2 per cent, on sales of Y660bn ($2.7bn), up 8.3 per cent.

RESULTS FOR 1981-82

	Sales Ybn	Change on year %	Operating profits Ybn	Change on year %	Net profits Ybn	Change on year %
Daiei	1,216.1	+7.2	21.0	+5.0	9.8	+3.2
Ho-Yokada	764.5	+10.4	24.6	+7.0	12.1	+3.2
Jusco	609.5	+10.1	16.3	+11.1	8.6	+6.5
Seiyu	607.1	+8.5	8.0	+24.6	3.5	+0.5
Nichii	490.9	+7.8	14.7	+7.4	7.3	+3.0
Uny	357.3	+7.5	13.1	+8.8	6.5	+16.2

Seiyu reported the biggest gain in operating profits (up by 25 per cent) among the six companies, despite lower gross margin profits caused by sluggish clothing sales. Exchange gains on redemption of a foreign currency-denominated convertible debenture, and lower financial costs helped by lower interest rates led to a large gain in operating profits.

In the current fiscal year ending February 1983, Seiyu expects its operating profits to reach Y17.6bn, up 8 per cent on sales of Y660m, up 8 per cent over the previous year.

Nichii's sales of Y3bn were short of the original target, due to sluggish clothing sales. However, an increase in non-operating profits by Y2.4bn, including exchange gains totalling Y500m on a Swiss franc convertible debenture, resulted in satisfactory earnings. Nichii expects operating profits for the current financial year to rise 9 per cent to reach Y16bn, on sales of Y525bn, up by 7 per cent over the previous year.

Uny showed sound growth in sales and operating profits which improved its financial standing. In the current fiscal year ending February 1983, Uny expects sales to advance to Y384bn, up 7 per cent, with three new stores due to open Uny's operating profits are projected at Y14.2bn, up 8 per cent over the previous year.

WORLD STOCK MARKETS

Wall St weaker at lunchtime

WALL STREET stock prices were mixed in moderately active trading at lunchtime as profit-taking wiped out early gains.

The Dow Jones Industrial Average was down 2.95 at 859.21 after having been two points higher in earlier trading, but advances still led declines by a narrow margin. Transports were 1.24 higher at 346.85 and Utilities were 0.37 higher at 114.96.

The profit-taking was not unexpected, given the market's recent gains. There is uncertainty about the Federal Reserve's monetary policy, as well as international considerations, notably the Falkland Islands dispute.

The market benefited in the morning from Friday's report that U.S. money supply (M-1) fell an unexpected $1.9bn in the week to April 14. However, investors are still concerned that further strong growth in the money supply may cause the Federal Reserve to tighten monetary policy, despite the weakness of the economy. The lack of an agreement between the Reagan Administration and Congress on the U.S. budget also continues to hang over the market.

American Telephone slipped ⅝ to $55⅛. It said it plans to file a shelf registration for 10m Common shares. Telecom Corporation lost $1 to $1⅛. It said a subsidiary will file under chapter 11 of the Federal Bankruptcy Code.

American Stock Exchange prices were lower in moderate trading, with the index off 0.73 to 275.07 on volume of 2m shares.

Volume leader Ranger Oil eased ⅛ to $5⅞, while Dome Petroleum lost ⅛ to $7⅞ and Wang Laboratories declined ⅛ to $32⅛.

Canada

Canadian stocks fell unable to hold earlier gains led by Oil and Gas issues. Golds, which were higher at the opening, also fell.

Harding Carpets "A" was 30 cents lower at $1.55 and Dome Petroleum was off ⅛ at $9⅞. Royal Bank of Canada lost 75 cents at $20⅞.

In Montreal, the composite stock index fell 1.82 points to 269.08 on a volume of 202,917 and Industrials were off 1.44 to 285.59.

Johannesburg

Gold shares closed below their best as the bullion price slipped to below $360 after its sharp gains on the Falklands crisis. Trading was quiet and among Heavyweights, Driefontein was up R1.25 at R25.75 and lesser-priced producers had gains ranging between five and 25 cents after scattered gains of up to 50 cents earlier. Platinums and Coppers were firm but in Diamonds, De Beers shed 10 cents at R5.00. Industrials closed narrowly mixed after a firm opening.

Germany

In Frankfurt, leading shares closed barely steady as concern over the Falklands crisis deterred investors and outweighing the firm domestic bond market and Friday's strong Wall Street close. Turnover was low. BBC was a weak feature in Electricals, closing DM 5 lower at DM 215 after cutting its dividend to DM 6 from DM 8.

As the Commerzbank index edged down 0.3 to 725.4, Commerzbank itself closed DM 1 lower at DM 152, Deutsche Bank slipped 20 pfennigs to DM 286.20 and Dresdner was steady at DM 167. In Motors, Daimler added 90 pfennigs to DM 287.90 but BMW fell DM 4 to DM 208 and VW lost DM 1.20 to DM 149.20.

In Chemicals Hoechst added 30 pfennigs to DM 126.80, but Bayer slipped 50 pfennigs to DM 126.50 and BASF slipped 10 pfennigs to DM 137.50.

In Electricals Siemens shed DM 2.50 to DM 222, and in Steels Thyssen lost DM 1.40 at DM 85.10, while Mannesmann lost DM 1.60 at DM 147.

Closing prices for North America were not available for this edition.

Brussels

Belgian shares were mostly lower and foreign stocks were mostly higher in quiet trading. The Belgian industrial index was at 99.04 against 99.27 on Friday while the all-share index was at 206.55 against 206.34.

Announcement of a new domestic loan issue by the Société Nationale de Crédit à l'Industrie caused the downward drift of Belgian shares.

Asturienne rose by 4 per cent, Tabacofina and Cockerill by 2 per cent, Solvay fell 3 per cent, Tessenderloo lost 2 per cent, Electrobel, Vieille Montagne and Gevaert each shed 1 per cent.

Switzerland

Share prices closed mixed in fairly high turnover as operators turned increasingly cautious after Friday's news of higher inflation in Basle. Volume declined as many investors decided to stay on the sidelines. On the bond market, recently issued Swiss franc foreign bonds lost some ground, while trading in the domestic sector was quiet.

Interest-sensitive issues were lower, led by the Banking sector. UBS, Credit Suisse and Volksbank were among the major losers, while Bank Leu Bearer and all shares of Swiss Bank Corp were in demand. In Financials, Oerlikon-Buehrle continued lower. Adia, Elektrowatt and Holderbank also lost ground, while Interfood and Pirelli held steady.

Paris

Share prices were higher in quiet trading as some investors showed more confidence in shares than foreign currencies due to the uncertain international monetary outlook. Foods, Chemicals, Stores, Engineering and Metals rose while Banks, Portfolios, Oils and Electricals were mixed. Motors fell back.

Elf-Aquitaine fell FFr 1 to FFr 143 following Friday's announcement of a reduced group net profit last year. Schneider fell FFr 4 to FFr 127 following news of a net loss last year.

Hong Kong

The stock market closed sharply higher in very active trading, following a bid for over 20 per cent of Hong Kong Electric (Holdings). The Hang Seng index rose 43.43 to 1,279.27, the highest since February 19. The bidders' agent, Jardine Fleming, offered up to HK$6.75 each for over 222m shares and up to HK$9.40 each for over 123m warrants of HK Electric which closed at HK$5.15 and HK$0.80 respectively last week.

Trading rose in the afternoon after resumption in trading of HK Electric, which finished at HK$6.35, and brokers said new buying from small investors conscious of the fact that most stocks are currently undervalued. China Light gained HK$1 to HK$14.10, Hong Kong Land was 5 cents up at HK$7.15 and Cheung Kong 30 up at HK$16.70.

Tokyo

Share prices rose, with investors attracted to Blue Chips by the Yen's sharp recovery against the dollar and signs of greater stability in the U.S. economy. The market average gained 33.53 to 7,404.21, but trading volume was light at 300m shares. The Tokyo Stock Exchange index rose 6.95 to 545.85.

Market leaders rose sharply on bargain hunting with Matsushita Electric gaining Y30 to Y1,060, and Toyota Motor Y20 to Y950. Low-priced domestic issues were mixed.

Amsterdam

Share prices were mainly higher. The strongest gains were in local shares, but among Internationals KLM added Fl 3.10 to Fl 107.80 and Royal Dutch rose Fl 1.20 to Fl 94. Banks were firmer, with NMB up Fl 4.50 at Fl 136. ABN was up Fl 2 at Fl 305 and Amro gained Fl 1.60 at Fl 55.

In later trading, KLM gained further ground and Philips ended 30 cents up. NMB Bank was Fl 5.50 higher by the close.

Indices

NEW YORK —DOW JONES

	April 23	April 22	April 21	April 20	April 19	April 16	1982 High	1982 Low	Since Cmpil't'n High	Since Cmpil't'n Low
◆Industr'ls	862.16	865.12	845.42	840.56	846.08	843.42	862.52 (4/1)	785.47 (8/3)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	59.36	58.15	58.09	59.09	58.15	59.06	59.06 (16/4)	55.67 (12/2)	—	—
Transport..	346.51	342.89	342.93	346.20	348.45	346.57	386.46 (7/1)	314.58 (8/3)	447.38 (16/4/81)	12.32 (8/7/32)
Utilities....	114.58	113.74	112.52	111.86	111.86	112.27	114.59 (25/4)	103.61 (13/1)	163.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000's	71,840	64,470	57,820	54,610	58,470	55,850	—	—	—	—

◆ Day's high 866.39 low 851.79

Ind. div. yield %	April 26	April 19	April 12	Year ago (Approx
	6.47	6.61	6.61	5.51

STANDARD AND POORS

	April 23	April 22	April 21	April 20	April 19	April 16	1982 High	1982 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls.	131.91	130.12	128.54	128.04	129.53	129.77	137.28 (4/1)	116.41 (8/3)	160.36 (28/11/80)	3.52 (30/6/32)
Composite	118.64	117.20	115.72	116.44	116.70	116.81	122.74 (4/1)	107.34 (8/3)	140.52 (28/11/80)	4.407 (1/6/32)

	April 22	April 15	April 8	Year ago (approx.
Ind. div. yield %	6.72	5.71	5.73	4.56
Ind. P/E Ratio	7.76	7.77	7.81	10.59
Long Gov. Bond yield	12.92	13.11	13.34	13.07

NY. S.E. ALL COMMON

Apr. 23	Apr. 22	Apr. 21	Apr. 20	1982 High	1982 Low
68.25	67.49	66.71	65.55	71.20 (4/1)	62.52 (12/3)

Rises and Falls	Apr. 23	Apr. 22	Apr. 21
Issues Traded	1,888	1,873	1,871
Rises	1,036	945	832
Falls	447	457	598
Unchanged	405	471	441
New Highs	88	67	41
New Lows	14	17	23

MONTREAL	April 23	April 22	April 21	April 20	1982 High	1982 Low
Industrials	285.55	287.43	287.08	288.84	332.79 (4/1)	270.46 (16/3)
Combined	270.30	271.91	272.44	273.44	316.08 (4/1)	259.08 (15/3)
TORONTO Composite	1583.2	1588.01	1586.91	1585.31	1858.3 (4/1)	1537.8 (15/3)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
IBM	1,214,100	65¾	+1⅞	Atlantic Rich...	785,000	40⅞	+⅜
Sears Roebuck	1,134,800	20	—	Houston Inds.	767,700	19⅝	+⅛
Exxon	1,107,900	28⅜	+⅜	Superior Oil	742,700	34⅜	+2⅞
Aetna Life	931,300	44	+⅛	Comwith Edison	725,600	22⅜	+⅛
K. Mart	865,800	19⅞	+½	Emery Air	710,500	8½	+⅜

	Apr. 26	Apr. 23	Apr. 22	Apr. 21	1982 High	1982 Low
AUSTRALIA All Ord. (1/1/80)	—	488.9	490.1	482.6	595.5 (4/1)	455.8 (10/3)
Metal & Mnls. (1/1/80)	—	388.1	358.2	361.7	425.1 (5/1)	322.2 (2/4)
AUSTRIA Credit Aktien (2/1/62)	54.42	52.49	52.34	52.30	56.36 (4/1)	52.16 (19/4)
BELGIUM Belgian SE (31/12/63)	99.04	99.27	98.53	98.82	102.43 (5/4)	88.42 (29/1)
DENMARK Copenhagen SE (1/1/73)	120.50	120.48	120.31	120.56	126.22 (25/2)	112.90 (9/3)
FRANCE CAC General (31/12/61)	108.50	107.80	106.8	106.40	107.8 (25/4)	88.6 (4/1)
Ind Tendance (31/12/81)	119.80	119.20	116.7	116.80	124.8 (19/2)	97.7 (4/1)
GERMANY FAZ-Aktien (31/12/58)	256.06	258.10	257.54	256.75	259.46 (6/4)	218.55 (18/1)
Commerzbank(Dec1953)	725.40	725.70	724.5	721.10	729.8 (6/4)	668.7 (18/1)
HOLLAND ANP-CBS General (1970)	94.2	93.4	92.9	92.00	95.4 (23/4)	84.0 (6/1)
ANP-CBS Indust (1970)	73.9	73.6	72.9	72.00	73.9 (5/4)	65.2 (4/1)
HONG KONG Hang Seng Bank (31/7/64)	1279.27	1235.84	1220.15	(c)	1445.32 (12/1)	1129.85 (9/3)
ITALY Banca Comm Ital.(1972)	191.12	193.58	193.85	198.86	212.66 (19/3)	181.45 (15/1)
JAPAN** Dow Average (16/5/49)	7404.21	7355.84	7285.87	7260.59	7828.56 (27/1)	6888.56 (17/3)
Tokyo New SE (4/1/68)	565.95	536.94	534.28	532.31	583.29 (27/1)	520.70 (17/3)
NORWAY Oslo SE (1/1/72)	119.75	116.87	114.11	112.81	138.38 (26/1)	109.72 (1/4)
SINGAPORE Straits Times (1966)	768.09	765.72	763.20	761.05	870.76 (8/1)	687.49 (8/3)
SOUTH AFRICA Gold (1958)	—	444.7	457.7	488.1	589.3 (5/1)	411.2 (9/3)
Industrial (1958)	—	569.0	589.5	586.7	711.7 (8/1)	565.5 (29/3)
SPAIN Madrid SE (30/12/81)	100.90	100.95	100.99	100.79	107.45 (8/3)	98.17 (6/1)
SWEDEN Jacobson & P. (1/1/58)	567.73	569.65	579.69	578.35	656.52 (22/1)	560.25 (18/4)
SWITZERLAND Swiss Bank Cpn.(31/12/58)	258.40	260.2	260.6	260.0	263.1 (11/1)	242.3 (11/3)
WORLD Capital Intl. (1/1/70)	—	—	155.0	153.6	147.2 (4/1)	129.1 (17/3)

(**) Sat April 3 Japan Dow 7,333.32. TSE 539.69.

Base values of all indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

ممكن من الأصل

LONDON STOCK EXCHANGE

Markets quietly steady despite Falklands uncertainties

Main indices barely changed but Properties lower

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Apr 19	Apr 29	Apr 29	May 10
Apr 30	May 13	May 14	May 24
May 17	Jun 3	Jun 4	Jun 14

* "New time" dealings may take place from 9.30 am two business days earlier.

Trading conditions on London stock markets after the weekend developments in the Falkland Islands crisis showed little change from those ruling last Friday. The two main investment areas held steady, despite an initial bout of nervousness created by the recapture of South Georgia by British troops.

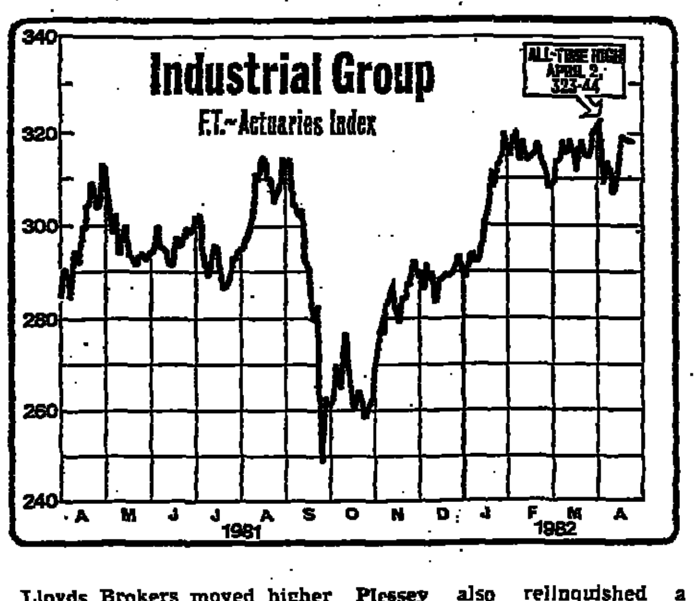
Markets, quite naturally, remained thin and sensitive, but a markdown in leading shares at the opening of business proved unwarranted with sellers scarce and a few buyers showing interest at the lower levels. As a result, prices edged a little higher and a fall of 1.5 in the FT 30-share index at 10 am was eliminated an hour later. Thereafter, business was barely sufficient to test prices. Mixed movements in the constituents rarely exceeded a couple of pence at the close and the index ended 0.9 higher on the day at 568.0, late sentiment being helped by assurances from Mrs Thatcher that the Government still seeks a peaceful settlement to the Falklands dispute.

Secondary issues produced the occasional bright feature, but overall it was an uneventful day. Among the sectors, adverse Press mention made for an unsettled and dull trading session in Properties, while the recent revival in Oil shares, prompted mainly by the sharp cutback in Opec crude production, lost momentum.

The trend in British Funds similar to that of leading shares. Mirroring initial dullness in sterling, mediums and longs opened around ¼ lower before staging a gradual recovery and closing with the occasional rise of ⅛ on balance. In contrast, short-dated stocks closed with falls ranging to ⅛, reflecting tight conditions and a move to higher rates for short-term money. The Government Securities index closed a mere 0.02 down at 67.59.

Lloyds Bank dull

Reflecting revived fears that the bank's substantial Argentinian assets might be sequestered following the weekend escalation of the Falkland Islands crisis, Lloyds dipped to a 1982 low of 402p, before rallying to close a net 10 down on the day at 408p. The other major clearers, which were also up to 8 easier at one stage, improved after the official close to finish virtually unchanged on balance. Barclays softened a penny to 445p, after 440p, while Midland ended unaltered at 320p, after 312p. Elsewhere, Clive Discount touched 31p on the preliminary figures before finishing unchanged at 28p. Overseas issues firmed in thin trading; Deutsche added 1½ points to £68½ and Hong Kong and Shanghai appreciated 4 to 113p.



Lloyds Brokers moved higher among Insurances, helped to some extent by currency considerations. Willis Faber stood out with a rise of 10 to 475p, while Stewart Wrightson gained 5 to 242p and Hogg Robinson improved 4 to 106p. Elsewhere, Hambro Life put on 6 to 307p as did Sun Alliance, to 796p.

Tern active

Marked up to 335p on Shepards and Chase's dawn-raid on behalf of an unnamed client prepared to acquire a near-15 per cent stake in the company at 335p per share, J. Jarvis touched 345p on the appearance of another buyer before settling a net 39 up at 341p. Elsewhere in the Building sector, Travis and Arnold put on 11 to a 1982 peak of 179p in response to the better-than-expected preliminary profits and increased dividend. The undertone in the leaders stayed firm. Tarmac hardened a couple of pence to 492p awaiting today's annual results. George Wimpey, preliminary statement due on Thursday, added a penny to 109p but Blue Circle, annual results due tomorrow, softened 4 to 460p.

After opening 6 cheaper at 312p, ICI rallied on the appearance of buyers to close 2 dearer on balance at 320p.

Selected Store leaders attracted sporadic support in the later business. House of Fraser were particularly good at 156p, up 4; the full-year results are expected tomorrow. In contrast, W. H. Smith, also due to report annual results tomorrow, gave up a couple of pence at 175p. Secondary counters were also irregular. Tern-Consulate were prominent and jumped 8 to 46p, after 47p, while Harris Queensway continued to draw strength from last week's encouraging annual figures and rose 4 more to 172p. Polly Peck, on the other hand, turned dull and shed 10 to 335p, while profit-taking also affected Foster Bros Clothing, 3 lower at 58p.

Interest in the Electrical leaders was at a low ebb. Prices drifted lower on lack of support and BICC closed 5 lower at 320p and Thorn EMI 2 off at 428p. Plessey also relinquished a couple of pence, to 376p, and GEC lost the turn to 838p. Elsewhere, improvements of 14 and 15 respectively were seen in A. and G. Securities, 123p, and ESI London, 25p, while Automated Security added 5 to 230p. Farnell cheapened 2 to 183p in front of today's preliminary figures.

Simon highlighted Engineerings, rising 10 to 383p before closing 10 better on balance at 373p in response to the slightly better-than-expected preliminary results. Other leaders made progress in sympathy, but the volume of business was small. Up 28 last week on good annual figures, Hawker firmed 4 more to 328p. GKN ended a similar amount dearer at 165p. Tubes improved 3 to 140p as did John Brown, to 58½p, after 59p.

Leading Foods were inclined easier in places. Down 6 on Friday on news that Redpath Industries of Canada, in which the company holds a 25 per cent stake, had incurred a second-quarter loss, Tate and Lyle reacted to 198p before closing 2 down on balance at 200p. Northern Foods lost 4 to 166p and Associated Dairies a couple of pence to 128p.

Lonsdale Universal up

In receipt of a 60p per share cash offer from John Menzies, Lonsdale Universal rose 6 to 72p on talk of a counter-bid from Mr Robert Maxwell's British Printing and Communication Corporation which has bought a 10.25 per cent stake in Lonsdale. Elsewhere in miscellaneous industrials, Press comment prompted improvements of around 4 in Benlox, 29p, European Ferries, 76p, and Smith and Nephew, 122½p, while Clement Clarke gained 4 to 136p following the results.

Awaiting Friday's annual figures, Davies and Newman put on 3 to 77p, while Far-Eastern influences brought about a rise of 10 to 178p in Jardine Matheson and a gain of 5¼ to 62p in Wheelock Marden. De La Rue came on offer at 595p, down 15, and Sale Tilney lost 7 to 208p. Of the quietly mixed leaders, Unilever improved 4 to 607p and Metal Box hardened a couple of pence to 156p, after 158p. A dull market last Friday as a large line of shares was placed through the market, Bowater remained friendless at 226p, down 2.

NCC suspended

Press criticism about the recent rights issues in the sector prompted early dullness in Properties; the leaders attracted a certain amount of support at the lower levels before drifting off again to close at the day's lowest. Land Securities finished 7 down at 274p and MEPC 6 cheaper at 194p. Great Portland Estates also shed 6, to 164p, while Capital and Counties, 127p, and Slough Estates, 126p, lost 3 apiece. Elsewhere, Daejan cheapened 5 to 168p as did Rosehaugh, to 260p, while losses of 4 were marked against Rush and Tompkins, 220p, and Mountview Estates, 160p. Against the trend, Westminster Property met speculative interest and added a penny to 31p.

Down 8 on Friday following adverse Press comment about the company's links with Simplicity Pattern, NCC Energy came under further pressure and dropped 20 to 35p at which level dealings in the company's shares were suspended "pending clarification." Energy Capital, in which NCC holds a 29.4 per cent stake, dropped 15 to 30p. Global Natural Resources became another dull feature in the Oil sector, plunging 115 to 690p on reports that a group of shareholders in the company were seeking the replacement of the entire Board.

Berkeley Exploration added 5 to 270p in the wake of Board changes following the recent purchase of a 28.9 per cent stake in the company by Elf UK from KCA International. Clyde Petroleum put on 5 to 105p on revived bid hopes, while renewed demand in a thin market lifted Saxon Oil 11 to 53p. Lasmo firmed 10 to 360p following a broker's circular, while Ultramar gained a like amount to 443p.

Among Overseas Traders, Steel Brothers, a firm market of late attracted renewed speculative support and closed 10 up at 250p ex the rights issue; the new nil-paid shares opened at 45p premium and touched 52p premium before closing at 50p premium.

Leading Textiles lacked incentive, but a couple of trading statements provided firm spots among secondary issues. The strong second-half recovery and consequent reduction in full-year losses lifted John Crowther 3 to 25p, while S. Lyles firmed a like amount to 81p following the increased interim profits.

South African Industrials displayed useful gains reflecting the strength of the bullion price. OK Bazaars advanced 35 to 775p, while Greatermans A rose 18 to 318p and Barlow Rand 10 to 405p.

Business in otherwise idle Plantations was dominated by McLeod Russel, which fell 23 to 295p in belated response to last week's boardroom changes; the 8.4 per cent Convertible Preference reacted 6 to 106p.

The outbreak of fighting in the South Atlantic over the weekend led to initial sharp gains in the bullion price and in gold shares. However, both movements were quickly followed by sizeable profit-taking and closing prices were well below the day's best.

Golds still managed to retain good gains on Friday's closing levels and the Gold Mines index responded with a rise of 7 points to 267.1.

The bullion price closed $3.75 firmer at $355.25 an ounce after having touched $365 in the early trading.

In heavyweights, Southvaal featured with a rise of ½ to £14¼, while Winkelhaak put on ¼ to £12½. Western Holdings ended ½ up on balance at £20½, after £20¾, and Buffels unaltered at £16, after £16¼.

South African Financials followed the pattern in Golds. Gold Fields of South Africa rose almost a point to £28½. "Amgold" improved ½ to £35½ and Anglo American Corporation 10 to 525p. De Beers gained 3 to 232p.

Golds below best

Australians took last week's recovery movement a stage further but were looking vulnerable at the close as heavy profit-taking developed. MIM Holdings touched a 1982 high of 194p prior to closing a net 4 better at 190p, while CRA ended 2 up at 180p, after 184p.

Golds were featured by Poseidon, up 11 more at 117p, and Gold Mines of Kalgoorlie, a similar amount firmer at 225p, after 230p.

A generally subdued session in London equity markets failed to hinder an active business in Traded Options where contracts completed exceeded 3,000 for only the sixth time so far this year. Total deals arranged yesterday amounted to 3,088, well above last week's daily average of 2,131. Once again, the majority of trade was transacted in calls with oil stocks again to the fore. British Petroleum and Shell Transport recorded 260 and 206 calls respectively, while Lasmo attracted 108. Good support was also directed towards Marks and Spencer, which recorded 342 calls in front of Thursday's preliminary results, and Imperial with 334. Courtaulds and Grand Metropolitan attracted 284 and 248 calls respectively. Puts traded amounted to 438p, of which BP accounted for 170.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
April 26	May 7	July 29	Aug 9
May 10	May 21	Aug 12	Aug 23
May 24	June 11	Sept 2	Sept 13

For rate indications see end of Share Information Service

Call options were arranged in Premier Oil, Corah, ICL, Poseidon, Cultus Pacific, BP, Bougainville, Vickers, Double Eagle, Metals Exploration, Clyde Petroleum, NCC, Berkeley Exploration, Tern-Consulate, Hanna Gold and Fobel International. No puts were reported, but doubles were taken out in Premier Oil, BP, Lloyds Bank and ICI.

FINANCIAL TIMES STOCK INDICES

	April 26	April 23	April 22	April 21	April 20	April 19	A year ago
Government Secs.	67.59	67.61	67.67	67.87	67.45	67.06	69.18
Fixed Interest	67.68	68.24	68.19	68.28	67.78	67.40	71.20
Industrial Ord.	568.0	567.1	569.0	567.4	562.6	558.1	566.0
Gold Mines	267.1	260.1	260.7	260.6	247.8	255.5	355.8
Ord. Div. Yield	5.58	5.52	5.52	5.54	5.56	5.60	5.62
Earnings Yld.% (full)	11.11	11.02	11.03	11.02	11.12	11.21	11.06
P/E Ratio (net) (*)	11.40	11.48	11.56	11.38	11.28	11.19	11.37
Total bargains	16,121	15,415	15,219	15,973	15,476	13,979	26,386
Equity turnover £m.	—	118.39	151.76	104.94	116.59	77.30	171.28
Equity bargains	—	12,398	12,550	11,812	12,462	9,393	24,455

10 am 565.6. 11 am 567.1. Noon 566.7. 1 pm 566.7. 2 pm 566.6. 3 pm 566.7.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=10.61.

HIGHS AND LOWS

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	69.55 (22/3)	61.69 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	69.74 (2/4)	62.79 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	579.8 (22/1)	518.1 (8/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	302.0 (5/1)	209.2 (8/3)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	April 23	April 22
Daily Gilt Edged Bargains	136.7	133.5
Equities Bargains	80.5	81.3
Value	259.5	306.7
5-day Avrge. Gilt Edged Bargains	139.5	141.7
Equities Bargains	76.0	76.1
Value	250.0	228.3

RECENT ISSUES

EQUITIES

Issue price p	Amount paid up	Latest Renunc. Date	1982 High	1982 Low	Stock	Closing price p	+ or −
140	F.P.	14/5	168	140	AIM Group 10p	147	+1
143	F.P.	26/3	212	186	Amersham	207	+1
15	F.P.	19/4	29	19	Cambrian & Gen.7½p	23	+1
§105	F.P.	21/5	109	105	✠Cons Group 10p	109	
60	F.P.	28/5	62	61	✠DeBrett'Andre 10p	61	−1
§100	F.P.	—	135	122	Dew (George)	125	
‡	—	—	35	27	Greenfriar Warrants	30	+1
‡	—	—	15	10	Gr'p Inv Option Crts	15	
§250	F.P.	14/5	250	245	✠io Technology	245	
50	F.P.	5/3	93	89	Illum. Bus. Sys. 10p	89	
‡	F.P.	—	275	267	✠Jebsens Drilling	265	−5
120	F.P.	7/5	144	122	✠Leisure Invest.	122	
125	F.P.	16/4	170	157	✠Oceonics 10p	160	
‡	F.P.	—	30	30	Quarry Assets	30	
‡	F.P.	—	42	39	P. H. Industrials	41	
155	F.P.	13/5	141	135	Standard Secs.	136	
‡	F.P.	—	90	70	Zambia Cons Opr 10K	80	+5

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or −
100	F.P.	29/4	116	110	Boddingtons Brew 9½% Cnv. Ln. 2000.05	113	
‡100	£10	24/6	10½	10½	Bristol Water 9% Pref.	10½	
‡99.20	£25	14/7	25	21½	Crédit Foncier de France 14½% Ln. 2007	25	+¼
‡100	£10	1/7	11½	11	East Anglia Water 9% Red. Pref. 1987	11	
‡	F.P.	—	125	126	First Nat. 12-5p Conv. Uns. Ln. 1987	126	
100	F.P.	25/5	105	97	Hunting Pet. 10% Cnv. Ln. 1997	97	
100	F.P.	29/6	10½	10½	Lee Valley 9½% Red. Prf. 1989	10½	
100	F.P.	—	100½	99¼	Nationwide Bdg. Soc. 14¼% (14/5/83)	99¼	
100	F.P.	—	100½	99½	Do. 14¼% (25/4/83)	100¼	+¼
100	F.P.	—	100½	100	Do. 14¼% (25/4/83)	100¼	
107	Nil	29/4	1pm	1pm	Queens Moat 10½% Cnv. Uns. 2000	1pm	
‡	F.P.	16/4	102	100	Royton 11½% Cum. Prf.	102	
96.55	£20	20/5	25½	19½	Trans-Canad Pipelines 16½ Notes 2007	22½	−½

"RIGHTS" OFFERS

Issue price p	Amount paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982 High	1982 Low	Stock	Closing price p	+ or −
10	F.P.	27/4	28/5	13½	15	Ansbacher (H.) 5p	11½	.....
170	Nil	15/5	24/6	20pm	20pm	Bank Leumi (UK) £1	20pm	.....
125	F.P.	21/4	28/5	147	135	Beazer (C. H.) 10p	147	+2
A$1	Nil	—	—	16½pm	5½pm	Bond Corp.	16pm	.....
70	F.P.	15/3	19/4	108	75	✠Clyde Petroleum	105	+5
30	F.P.	29/3	10/5	60	50	First Castle 10p	58	.....
20	Nil	30/4	28/5	23pm	14pm	Fisher (A.)	23pm	+4
5	Nil	10/5	21/6	½pm	½pm	Groveboll (5p)	½pm	.....
160	F.P.	22/3	29/4	188	164	Hunting Pet. Services	182	.....
130	Nil	7/5	4/6	34pm	24pm	Lilley (F.J.C.)	31pm	−2
145	Nil	12/5	7/6	42pm	35pm	Low (Wm.) 20p	35pm	−5
18	Nil	—	—	9pm	4pm	North Kalguri	14pm	+6
6	F.P.	19/4	21/5	8	6½	Platignum 5p	7½	.....
27	Nil	29/4	27/5	1½pm	½pm	Queens Moat	½pm	.....
99	F.P.	16/4	4/6	104	99	Riley Leisure	104	.....
74	F.P.	8/4	6/5	120	98	St. George's Grp. 10p	112	−4
170	Nil	—	—	52pm	45pm	Steel Bros.	50pm	.....
10	F.P.	24/5	23/4	12½	10½	Sturla 10p	11½	.....
153	Nil	10/5	10/6	18pm	14pm	Vickers (£1)	15pm	+1

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *t* Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. ♦ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. *p* Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ‖ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✠ With warrants. †† Dealings under special Rule. ✠ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(a). ‡‡ Unit comprising five ordinary and three Cap. shares. Δ Issued free as an entitlement to Ordinary holders.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
BAT Inds	415	+ 2	Lonsdale Univ	72	+ 6
BP	322	+ 2	MEPC	194	− 6
Euro Ferries	75	+ 4	MIM Hldgs	190	+ 4
Hambro Life	307	+ 6	Shell Trans	416	+ 2
Land Securities	274	− 7	Tern-Consulate	46	+ 8
Lloyds Bank	408	−10	Ultramar	443	+10

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in S.E. Official List

Stock	No. of price changes	Friday's closing price pence	Day's change	Stock	No. of price changes	Friday's closing price pence	Day's change
Shell Trans	15	416	+14	BP	10	320	+ 6
Tricentrol	15	220	+ 8	Britt & Himshr	10	760	+45
Unilever	13	603	+ 8	Hawker Sid	10	324	+ 8
GEC	12	839	+ 5	LASMO	10	350	+10
Broken Hill Prp	11	475	+10	Rank Org	10	178	− 4
Plessey	11	377	+ 7	Ultramar	10	433	+16
Bowater	10	228	− 9	Bat Inds	9	413	− 7

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Mon April 26 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri April 23 Index No.	Thurs April 22 Index No.	Wed April 21 Index No.	Tues April 20 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (208)	371.48	—	9.76	4.33	12.73	371.49	370.49	369.51	365.43	362.82
2	Building Materials (23)	324.25	−0.3	13.61	5.35	8.88	325.25	326.54	325.30	322.73	323.09
3	Contracting, Construction (28)	596.21	—	14.66	4.94	8.03	596.46	591.61	589.76	581.14	600.78
4	Electricals (31)	1306.54	−0.3	7.17	2.26	17.79	1309.87	1301.54	1301.62	1289.09	1103.22
5	Engineering Contractors (9)	496.70	+0.6	13.51	6.13	8.71	493.74	496.66	497.17	489.38	495.56
6	Mechanical Engineering (67)	194.66	+0.5	11.55	5.96	10.58	193.70	193.63	192.26	190.11	229.15
8	Metals and Metal Forming (11)	166.15	+1.2	10.09	7.15	12.59	164.20	164.81	164.43	161.78	180.35
9	Motors (21)	94.01	+0.4	2.50	7.14	—	93.67	93.46	93.76	93.40	111.21
10	Other Industrial Materials (18)	376.10	−0.1	9.61	5.62	12.66	376.63	375.89	373.19	367.21	392.14
21	CONSUMER GROUP (201)	301.39	—	12.38	5.55	9.90	301.46	302.61	302.72	298.14	288.76
22	Brewers and Distillers (21)	295.60	−0.6	16.00	6.61	7.54	297.38	299.10	300.07	296.58	313.67
25	Food Manufacturing (22)	273.45	−0.1	15.63	6.62	7.72	273.67	273.89	274.99	272.18	263.56
26	Food Retailing (14)	609.36	−0.3	8.82	3.30	13.84	611.39	616.28	617.41	606.22	544.27
27	Health and Household Products (8)	428.88	+0.3	7.98	3.77	14.57	427.48	425.50	421.26	411.10	308.69
29	Leisure (24)	446.85	−0.4	10.17	5.08	12.28	448.73	449.62	452.22	444.91	443.64
32	Newspapers, Publishing (12)	525.96	−0.1	10.58	5.95	12.97	526.36	531.65	532.36	531.06	516.15
33	Packaging and Paper (14)	143.83	−0.2	15.93	7.39	7.32	144.18	146.26	147.38	144.99	158.12
34	Stores (45)	275.81	+0.4	10.32	4.86	12.98	274.71	276.18	275.88	270.86	290.05
35	Textiles (23)	171.07	−1.0	9.65	5.87	13.47	172.78	171.95	171.79	170.05	169.46
36	Tobaccos (3)	318.79	+0.6	19.22	8.18	5.93	316.81	320.39	319.41	316.87	243.28
39	Other Consumer (15)	293.89	−0.2	1.71	5.37	—	294.55	292.83	291.34	289.96	310.62
41	OTHER GROUPS (78)	252.55	—	13.35	6.17	9.04	252.56	253.42	254.61	251.88	246.88
42	Chemicals (16)	334.35	+0.3	13.49	6.92	8.86	333.34	336.10	336.96	333.91	310.65
44	Office Equipment (4)	120.21	—	13.39	7.15	9.09	120.21	122.08	123.62	121.17	126.60
45	Shipping and Transport (13)	555.22	+0.6	19.37	6.69	6.14	551.90	552.93	552.85	552.75	641.83
46	Miscellaneous (45)	322.01	−0.5	11.52	5.11	10.63	322.55	321.58	323.94	319.35	307.11
49	INDUSTRIAL GROUP (487)	318.87	—	11.55	5.19	10.64	318.92	319.35	319.30	315.14	308.44
51	Oils (13)	756.21	+0.6	17.05	7.69	6.86	751.77	729.96	705.07	704.06	803.32
59	500 SHARE INDEX	354.49	+0.1	12.40	5.61	9.73	354.08	352.75	350.73	346.80	348.15
61	FINANCIAL GROUP (117)	246.94	−0.4	—	6.67	—	247.99	249.60	249.66	248.08	262.82
62	Banks (6)	265.56	−0.7	39.44	8.06	2.77	267.33	268.20	267.64	266.71	264.04
63	Discount Houses (9)	226.90	+0.1	—	9.56	—	226.78	228.86	229.19	230.75	309.45
65	Insurance (Life) (9)	265.40	+0.9	—	6.09	—	263.08	263.40	261.85	260.29	269.92
66	Insurance (Composite) (10)	153.23	+0.7	—	9.23	—	152.18	153.99	155.39	154.51	167.51
67	Insurance Brokers (7)	481.67	+1.6	10.94	5.28	12.47	474.00	474.08	476.36	475.33	378.62
68	Merchant Banks (12)	146.28	−0.2	—	5.71	—	146.60	145.80	147.04	146.63	161.27
69	Property (49)	425.53	−1.9	5.12	3.52	26.10	433.97	439.46	436.42	433.14	505.89
70	Other Financial (15)	167.43	−1.2	18.81	6.81	6.15	169.48	169.55	171.49	170.28	171.93
71	Investment Trusts (112)	295.63	+0.2	—	5.46	—	295.17	293.16	291.14	288.60	316.33
81	Mining Finance (4)	211.29	−0.1	14.87	6.67	8.22	211.47	211.38	212.11	210.67	239.93
91	Overseas Traders (17)	374.26	−0.1	13.94	8.52	8.75	374.72	370.40	371.10	367.36	483.97
99	ALL-SHARE INDEX (750)	326.71	—	—	5.84	—	326.70	325.96	324.50	321.42	329.65

FIXED INTEREST

	PRICE INDICES	Mon April 26	Day's change %	Fri April 23	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	110.00	−0.11	110.13	—	3.99
2	5-15 years	109.05	+0.04	109.01	—	4.33
3	Over 15 years	112.02	+0.04	111.98	—	4.93
4	Irredeemables	124.91	+0.27	119.04	4.45	6.07
5	All Stocks	110.02	−0.01	110.08	4.05	4.40
6	Debentures & Loans	86.31	−0.17	86.46	—	3.84
7	Preference	63.83	+0.26	63.67	—	2.68

	AVERAGE GROSS REDEMPTION YIELDS		Mon April 26	Fri April 23	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.13	12.09	11.60
2		15 years	12.86	12.95	12.26
3		25 years	12.94	12.94	12.27
4	Medium Coupons	5 years	14.32	14.29	13.23
5		15 years	14.07	14.06	13.70
6		25 years	13.58	13.58	13.43
7	High Coupons	5 years	14.27	14.18	13.17
8		15 years	14.24	14.25	13.90
9		25 years	13.80	13.78	13.61
10	Irredeemables†		12.66	12.68	11.69
11	Debs & Loans	5 years	15.18	15.16	14.39
12		15 years	14.99	14.95	14.39
13		25 years	14.92	14.87	14.39
14	Preference†		15.46	15.48	15.41

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1982.

NEW HIGHS (66)

CORPORATION LOANS (1)
Glasgow 9¼pc '80-82

COM'WEALTH & AFRICAN LOANS (1)
Aust. 5pc 1981-83

AMERICANS (10)
Abbott Labs. | Ford Motor
Bethlehem Steel | I.B.M.
Citicorp | Lowes
City Inv. Cm. Pf. | Quaker Oats
Fin. Cpn. America | Transamerica

CANADIANS (1)
Bell Canada

BANKS (5)
Algemene | Deutsche Bank
Clive Discount | Hongkong Shanghai
Commerzbank

BUILDINGS (4)
Jarvis (J.) | Tarmac
SGB | Travis & Arnold

CHEMICALS (3)
BASF | Novo Inds. A/S B
Hoechst

ELECTRICALS (5)
A.B. Electronic | ESI London
A. & G. Sec. Elec. | Kode Int.
Automated Security

ENGINEERING (3)
Locker (T.) | Staveley Inds.
Do. A

FOODS (2)
England (J. E.) | Fisher (A.)

INDUSTRIALS (8)
Camrex | Sandhurst Mktg.
Lonsdale Universal | Smith & Nephew
Pentland | Standard Fireworks
Reed Executive | Whatman Reeve Ang.

INSURANCE (4)
Alexander Alexander 11pc Cnv. | Sun Life
Stewart Wrightson | Willis Faber

LEISURE (3)
Grampian TV A | TVS N-V
TSW

MOTORS (2)
Genl. Motors Units | British Car Auction

PROPERTY (2)
McInerney | Swire Props.

TEXTILES (2)
Lyles (S.) | Trafford Carpets

TRUSTS (1)
TR North America

OIL & GAS (3)
Burmah | Royal Dutch
CCP North Sea

RUBBERS (1)
Cons. Plants.

MINES (5)
Bougainville | M.I.M.
CRA | Swan Resources
Cultus Pacific

NEW LOWS (29)

CANADIANS (3)
Can. Imp. Bank | Royal Bk. of Can.
Can. Pacific Ent.

BANKS (2)
Lloyds Bank | Standard Chartered

ENGINEERING (1)
Molins

FOODS (2)
Cullens A | Danish Bacon

INDUSTRIALS (4)
Amalg'd Metal | De La Rue
Christie-Tyler | Dunhill

MOTORS (1)
Hartwells

PROPERTY (7)
Apex | McKay Secs.
Centrovincial | Prop. Hlds. & Inv.
Imry Prop. | United Real
MEPC

SHIPPING (1)
Lyle Shipping

TRUSTS (1)
Britannia Arrow

OIL & GAS (4)
Collins (K.) | Energy Sources
Energy Capital | NCC Energy

OVERSEAS TRADERS (1)
Crosby House

TEAS (2)
McLeod Russel 8.4pc Cnv. Pref. | McLeod Russel

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	17	18	58
Corpns, Dom. and Foreign Bonds	14	15	47
Industrials	219	181	943
Financial & Props.	129	103	276
Oils	48	21	38
Plantations	4	2	17
Mines	79	11	70
Others	81	28	49
Totals	591	379	1,498

WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on *April 26, 1982. In some cases rates are* nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign *currencies to which they are tied.*

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (S) member of the sterling area other than *Scheduled Territories; (T) tourist rate;* (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rates; (exC) exchange certificate rate; (k) Scheduled Territory; (nc) non-commercial rate; (nom) nominal; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.06
Algeria	Dinar	7.3910
Andorra	French Franc	10.985
	Spanish Peseta	186.20
Angola	Kwanza	(CM) n/a (T) n/a
Antigua (S)	E. Caribbean $	4.80
Argentina	Ar. Peso	21,195.0 (5)
Australia (S)	Australian $	1.6825
Austria	Schilling	29.605
Azores	Portugu'se Escudo	138.00
Bahamas (g)	Ba. Dollar	177.60
Bahrain (S)	Dinar	0.667
Balearic Isles	Spa. Peseta	186.20
Bangladesh (S)	Taka	38.25
Barbados (S)	Barbados $	3.5520
Belgium	B. Franc	(cm) 79.45 (fn) 86.85
Belize	B $	3.5520
Benin	C.F.A. Franc	549.25
Bermuda (S)	Bda $	1.7760
Bhutan	Indian Rupee	16.47
Bolivia	Bolivian Peso	(cm) 78.15 (F)(A) 177.60
Botswana (S)	Pula	1.6595
Brazil	Cruzeiro ‡‡	270.47
Brit. Virgin Isles (S)	U.S. $	1.7760
Brunei (S)	Brunei $	3.76075
Bulgaria	Lev	1.7427
Burma	Kyat	11.39
Burundi	Burundi Franc	158.165
Camero'n Republic	C.F.A. Franc	549.25
Canada	Canadian $	2.1700
Canary Islands	Spanish Peseta	186.20
Cape Verde Isle	Cape V. Escudo	64.45
Cayman Islands (S)	Cay. Is. $	1.4800
Cent. Afr. Republic	C.F.A. Franc	549.25
Chad	C.F.A. Franc	549.25
Chile	C. Peso	(Bk) 69.03
China	Renminbi Yuan	3.2819
Colombia	C. Peso	(F) 109.36
Comoro Islands	C.F.A. Franc	549.25
Congo (Brazaville)	C.F.A. Franc	549.25
Costa Rica	Colon	(O) 35.52 (F) 71.04
Cuba	Cuban Peso	1.4375
Cyprus (S)	Cyprus £	0.8225
Czechoslovakia	Koruna	(com) 11.00 n/c 19.16 (T) 18.55
Denmark	Danish Krone	14.295
Djibouti	Fr.	303 (sg)
Dominica (S)	E. Caribbean $	4.80
Dominican Repub.	Dominican (Peso)	1.7760
Ecuador	Sucre	(O) 44.20 (F) 76.37
Egypt	Egyptian £	(U) 1.59
Equatorial Guinea	Ekuele	372.3
Ethiopia	Ethiopian Birr	(P) 3.6000
Falkland Islands (S)	Falkland Is £	1.0
Faroe Islands	Danish Krone	14.295
Fiji Islands	Fiji $	1.6237
Finland	Markka	8.136
France	French Franc	10.985
FrenchC'tyin Af*	C.F.A. Franc	549.25
French Guiana	Local Franc	10.985
French Pacific Is.	C.F.P. Franc	190 (sg)
Gabon	C.F.A. Franc	549.25
Gambia (S)	Dalasa	4.0
Germany (East)	Ostmark	4.2175
Germany (West)	Deutsch Mark	4.2175
Ghana (S)	Cedi	4.87
Gibraltar (K)	Gibraltar £	1.0
Greece	Drachma	110.6075

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Greenland	Danish Kroner	14.259
Grenada (S)	E. Caribbean $	4.80
Guadaloupe	Local Franc	10.985
Guam	U.S. $	1.7760
Guatemala	Quetzal	1.7760
Guinea Republic	Syli	39.00
Guinea Bissau	Peso	69.15
Guyana (S)	Guyanese $	5.2800
Haiti	Gourd	8.88
Honduras Repub.	Lempira	3.55
Hong Kong (S)	H.K. $	10.343
Hungary	Forint	61.8100‡‡
Iceland (S)	I. Krona	18.2054
India (S)	Ind. Rupee	16.47
Indonesia	Rupiah	1,151.65
Iran	Rial	146.00 (sg)
Iraq	Iraq Dinar	0.52205
Irish Republic (k)	Irish £	1.2200
Israel	Shekel	36.15
Italy	Lira	2,326.50
Ivory Coast	C.F.A. Franc	549.25
Jamaica (S)	Jamaica Dollar	3.1755
Japan	Yen	425.5
Jordan (S)	Jordan Dinar	0.608
Kampuchea	Riel	2,131.2
Kenya (S)	Kenya Shilling	18.725
Kiribati	Australian $	1.6825
Korea (Nth)	Won	1.71(ll)
Korea (Sth)	Won	1,279.58
Kuwait	Kuwait Dinar	0.507
Laos	New Kip	17.76
Lebanon	Lebanese £	8.7675
Lesotho	Loti	1.8595
Liberia	Liberian $	1.7760
Libya	Libyan Dinar	0.5257
Liechtenstein	Swiss Franc	3.475
Luxembourg	Lux Franc	79.45
Macao	Pataca	10.65
Madeira	Portug'se Escudo	128.00
Malagasy Republic	MG Franc	549.25
Malawi (S)	Kwacha	1.9125
Malaysia (S)	Ringgit	4.124,25
Maldive Islands (S)	Rufiyaa	13.40
Mali Republic	*Mali Franc*	1,096.50
Malta (S)	Maltese £	0.720
Martinique	Local Franc	10.985
Mauritania	Ouguiya ‡	97.00
Mauritius (S)	M. Rupee	18.925
Mexico	Mexican Peso	81.86
Miqueion	C.F.A. Franc	549.25
Monaco	French Franch	10.985
Mongolia	Tugrik	(o) 5.78(ll)
Montserrat	E. Caribbean $	4.80
Morocco	Dirham	10.35 (sg)
Mozambique	*Metical*	52.80
Nauru	Australian Dollar	1.6825
Nepal	Nepalese Rupee	23.30
Netherlands	Guilder	4.665
Netherland Antilles	Antillian Guilder	3.1790
New Zealand (S)	N.Z. Dollar	2.3100
Nicaragua	Cordoba	17.70
Niger Republic	C.F.A. Franc	549.25
Nigeria (S)	Naira	1.195189 (sg)
Norway	Norway Krone	10.75
Oman Sul'ate of (S)	Rial Omani	0.612
Pakistan	Pakistan Rupee	20.24
Panama	Balboa	1.7760
Papua N.Guinea (S)	*Kina*	1.2745
Paraguay	Guarani	(O) 223.02 (F) 276.56

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Peru	Sol	exe (A) 1,068.0
Philippines	Philippine Peso	14.64
Pitcairn Islands (S)	£ Sterling	—
	New Zealand $	2.3100
Poland	Zloty	(Cm) 148.86 (T) 148.86
Portugal	Portugu'se Escudo	128.00
Puerto Rico	U.S. $	1.7760
Qatar (S)	Qatar Ryal	6.44
Reunion Ile de la	French Franc	11.985
Romania	Leu	(Cm) 7.91 (n/c) 19.47
Rwanda	Rwand Franc	168.87
St. Christopher (S)	E. Caribbean $	4.80
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	4.80
St. Pierre	Local Franc	10.985
St. Vincent (S)	E. Car bbean $	4.80
Salvador El	Colon	4.45
Samoa American	U.S. $	1.7760
San Marino	Italian Lira	2,326.50
Sao Tome & Prin	Dobra	71.55
Saudi Arabia	Ryal	6.07
Senegal	C.F.A. Franc	549.25
Seychelles	S. Rupee	11.35 (sg)
Sierra Leone (S)	Leone	2.1727
Singapore (S)	Singapore $	3.76075
Solomon Islands (S)	Solomon Is. $	1.6195
Somali Republic	Somali Shilling (1)	(A) 11.27
Somali Republic	Somali Shilling (2)	22.12
South Africa (S)	Rand	1.8595
South West African Territories (S)	S. A. Rand	1.8595
Spain	Peseta	186.20
Spanish ports in North Africa	Peseta	186.20
Sri Lanka (S)	S. L. Rupee	36.45
Sudan Republic	Sudan £ (u)	1.5984
Surinam	S. Guilder	3.1790
Swaziland (S)	Lilangeni	1.8595
Sweden	S. Krona	10.42
Switzerland	Swiss Franc	3.475
Syria	Syria £	(A) 10.0
Taiwan	New Taiwan $	67.48
Tanzania (S)	Tan. Shilling	16.55
Thailand	Baht	40.64
Togo Republic	C.F.A. Franc	549.25
Tonga Islands (S)	Pa'anga	1.6825
Trinidad (S)	Trinidad & Tob. $	4.2624
Tunisia	Tunisian Dinar	0.979 (sg)
Turkey	Turkish Lira	261.84
Turks & Caicos	U.S. $	1.7760
Tuvalu	Australian $	1.6825
Uganda (S)	Uganda Shilling	150.0
United States	U.S. Dollar	1.7760
Uruguay	Uruguay Peso	(cm) 21.34 (fn) 21.37
Utd. Arab Emirates	U.A.E. Dirham	6.50
U.S.S.R.	Rouble	1.3805
Upper Volta	C.F.A. Franc	549.25
Vanuatu	Vatu	176.60
	Aust. Dollar	1.6825
Vatican	Italian Lira	2,326.50
Venezuela	Bolivar	7.61
Vietnam	Dong	(O) 3.8475 (T) 4.25(ll)
Virgin Island U.S.	U.S. Dollar	1.7760
Western Samoa (S)	Samoan Tala	2.05
Yemen (Nth)	Ryal	8.00 (sg)
Yemen (Sth)	S. Yemen Dinar	(A) 0.6065
Yugoslavia	New Y Dinar	81.9411
Zaire Republic	Zaire	10.078008
Zambia	Kwacha	1.6160
Zimbabwe	Zimbabwe $	1.3050

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 74.60. **Rate is the transfer market (controlled). ‡‡ Now one official rate. (U) Unified rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (ll) Based on gross rates against Russian rouble. (1) Parallel exchange rate for essential (2) Exports, non-essential imports and transfer. (3) Now one rate. (4) Essential goods.

Pound recovers

Sterling recovered from the lows seen in currency markets yesterday as the market awaited fresh developments in the Falklands crisis. News of troop clashes on South Georgia had weakened the pound in Far East markets overnight but the situation in London was much clearer when trading commenced yesterday morning.

The dollar was weaker after Friday's better-than-expected U.S. money supply figures with a consequent fall in Eurodollar rates. There was also a fall in the inflation rate and comments by President Reagan that interest rates were likely to fall also ensured a fall in the dollar.

The Belgian franc improved within the European Monetary System as the Italian lira replaced it as the weakest currency. The D-mark remained the firmest member, followed by the Danish krone.

STERLING — Trade weighted index 89.5 against 89.0 at noon and at the opening and 89.8 on Friday (87.9 six months ago). Three-month interbank 13 15/16 per cent (16 11/16 per cent six months ago). Annual inflation 10.4 per cent (11 per cent previous month) — Sterling opened at $1.7650 against the dollar but improved with help from the Bank of England to $1.7710. During the afternoon demand from the U.S. pushed it to a top of $1.7790 and it closed at $1.7755-1.7765, a rise of 45 points. Against the D-mark it slipped to DM 4.2175 from DM 4.23 and SwFr 3.4750 from SwFr 3.4850. In terms of the French franc the pound closed at FFr 10.9850 down from FFr 11.0450 and Y423½ from Y427½ against the yen.

DOLLAR—Trade weighted index 114.3 against 114.9 on Friday and 109.3 six months ago. Three-month Treasury bills 12.38 per cent (13.20 per cent six months ago). Annual inflation rate 6.8 per cent (7.7 per cent previous month) — The dollar fell to DM 2.3745 against the D-mark compared with DM 2.3870 on Friday and SwFr 1.9565 from SwFr 1.9690. It was also down against the Japanese yen, closing at Y238.4 from Y241.3.

D-MARK — EMS member (strongest). Trade weighted index unchanged at 122.7, 122.9 six months ago. Three-month interbank 9.25 per cent (11.575 per cent six months ago). Annual inflation 5.2 per cent (5.8 per cent previous month)—The D-mark showed mixed changes at yesterday's fixing in Frankfurt. The dollar fell to DM 2.3717 from DM 2.3991 and sterling slipped to DM 4.1850 from DM 4.2510. The Swiss franc was also weaker at DM 1.2108 from DM 1.2160 while the French franc improved to DM 38.33 per FFr 100 from DM 38.315.

DUTCH GUILDER — EMS member (third strongest). Trade weighted index unchanged at 114.5, 114.0 six months ago. Three-month interbank 8¼ per cent (12⅛ per cent six months ago). Annual inflation 6.8 per cent (unchanged from previous month)—The Dutch guilder was slightly firmer within the EMS yesterday and rose at the fixing in Amsterdam against the dollar sterling. The latter fell to Fl 4.6580 from Fl 4.7140 and the dollar was weaker at Fl 2.6340 from Fl 2.6615.

JAPANESE YEN — Trade-weighted index 138.2 against 137.0 on Friday and 137.3 six months ago. Three-month bills 7.09375 per cent (7.40625 per cent six months ago). Annual inflation 3.1 per cent (3.3 per cent previous month)—The yen was firmer against the dollar in Tokyo yesterday as the dollar reacted to lower money supply and consumer price figures. The dollar closed at Y238.05 down from Y240 at the opening and Y240.75 in New York on Friday.

THE POUND SPOT AND FORWARD

April 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7650-1.7790	1.7755-1.7765	0.13-0.23c dis	-1.22	0.42-0.52dis	-1.06
Canada	2.1675-2.1795	2.1695-2.1705	0.25-0.35c dis	-1.66	1.05-1.15dis	-2.03
Nethlnd.	4.66½-4.69½	4.68-4.69	2½-1⅝c pm	5.44	6¾-6 pm	5.34
Belgium	79.00-79.60	79.40-79.50	10-25c dis	-2.65	65-75 dis	-3.52
Denmark	14.20-14.31	14.29-14.30	6¾-7¾ore dis	-5.77	19¼-19¾ dis	-5.40
Ireland	1.2100-1.2220	1.2185-1.2205	0.59-0.70p dis	-6.34	1.71-1.85dis	-5.85
W. Ger.	4.18-4.23	4.21¾-4.22¾	1¾-1¾pf pm	4.62	5¼-4¾ pm	4.62
Portugal	127.25-129.00	127.75-128.25	185-545c dis	-34.22	550-1160dis	-26.66
Spain	185.00-186.50	186.10-186.30	40-75c dis	-3.71	160-205 dis	-3.92
Italy	2,318-2,329	2,325-2,327	16-21 lire dis	-10.32	58-61 dis	-10.23
Norway	10.69-10.77	10.74½-10.75½	3½-4¾ore dis	-4.67	7¾-8¾ dis	-3.26
France	10.93-11.01	10.98-10.99	6¼-7¼c dis	-6.83	27¾-30¼dis	-10.56
Sweden	10.36-10.42	10.41¼-10.42¼	1¾-¼ore pm	0.86	3¼-1¾ pm	0.77
Japan	419-426	423-424	2.60-2.40y pm	7.08	6.95-6.75 pm	6.47
Austria	29.45-29.75	29.58-29.63	16-12¼gro pm	5.78	39-32½ pm	4.83
Switz.	3.45-3.48½	3.47-3.48	2¾-2¼c pm	8.80	7¾-7¼ pm	8.63

Belgian rate is for convertible francs. Financial franc 86.80-86.90. Six-month forward dollar 0.87-0.97c dis. 12-month 1.40-1.55c dis.

THE DOLLAR SPOT AND FORWARD

April 26	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7650-1.7790	1.7755-1.7765	0.13-0.23c dis	-1.22	0.42-0.52dis	-1.06
Ireland†	1.4580-1.4600	1.4570-1.4580	0.70-0.60c pm	5.35	1.80-1.65 pm	4.73
Canada	1.2200-1.2220	1.2215-1.2220	0.05-0.08c dis	-0.74	0.26-0.30dis	-0.92
Nethlnd.	2.6255-2.6400	2.6330-2.6400	1.50-1.40c pm	6.61	4.23-4.13 pm	6.35
Belgium	44.65-44.76	44.72-44.74	6-9c dis	-2.01	25-30 dis	-2.51
Denmark	8.0300-8.0550	8.0300-8.0400	3.10-3.30ore dis	-4.77	8.30-8.80dis	-4.25
W. Ger.	2.3630-2.3765	2.3740-2.3750	1.15-1.10pf pm	5.68	3.42-3.37 pm	5.73
Portugal	72.00-72.60	72.00-72.50	100-300c dis	-33.22	200-850dis	-23.53
Spain	104.80-104.90	104.80-104.85	20-30c dis	-2.86	70-85 dis	-2.95
Italy	1,309-1,311	1,309½-1,310½	10-12lire dis	-10.08	32-35 dis	-10.23
Norway	6.0425-6.0600	6.0450-6.0550	1.70-2.00ore dis	-3.66	2.30-2.60dis	-1.62
France	6.1725-6.1925	6.1850-6.1900	2¾-3¼c dis	-5.58	10¾-11¼ dis	-7.12
Sweden	5.8580-5.8760	5.8600-5.8700	0.50-0.75ore pm	1.69	2.85-2.55 pm	1.72
Japan	236.70-238.85	238.35-238.45	1.62-1.54y pm	7.95	4.55-4.45 pm	7.55
Austria	16.62-16.69	16.68-16.69	9½-7¾gro pm	6.27	25½-22¾ pm	5.82
Switz.	1.9500-1.9660	1.9560-1.9570	1.73-1.65c pm	10.38	4.65-4.60 pm	9.46

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

April 26	Bank of England Index	Morgan Guaranty Changes %
Sterling	89.5	-35.6
U.S. dollar	114.2	+6.8
Canadian dollar	88.3	-17.9
Austrian schilling	117.1	+25.9
Belgian franc	95.5	-1.8
Danish kroner	82.0	-12.1
Deutsche mark	123.7	+47.2
Swiss franc	148.5	+100.6
Guilder	114.5	+21.5
French franc	72.6	-15.0
Lira	54.0	-58.3
Yen	138.2	+32.3

Based on trade weighted changes from Washington agreement December, 1971. Bank of England index (base average 1975=100).

CURRENCY RATES

April 26	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.654543	0.556983
U.S. $	12	1.12218	1.00682
Canadian $	15.33	1.36878	1.22802
Austria Sch.	6¾	18.6968	16.7685
Belgian F	14	50.2264	45.0374
Danish K	11	9.02185	8.09581
D mark	7½	2.66150	2.38856
Guilder	8	2.95695	2.64883
French Fr	9½	6.94626	6.22314
Lira	19	1470.07	1318.68
Yen	5½	268.989	239.220
Norwgn. Kr	9	6.79478	6.08972
Spanish Pta	8	117.662	105.565
Swedish Kr	10	6.57716	5.90296
Swiss Fr	5½	2.19781	1.96732
Greek Dr'ch	20½	71.0683	63.7617

OTHER CURRENCIES

April 26	£	$		£ Note Rates
Argentina Peso	21,188-21,205†	11,950-12,000†	Austria	29.50-29.80
Australia Dollar	1.6815-1.6835	0.9470-0.9475	Belgium	86¼-87¼
Brazil Cruzeiro	260.97-270.97	152.45-152.19	Denmark	14.16-14.30
Finland Markka	8.130-8.142	4.5720-4.5740	France	10.92-11.08
Greek Drachma	113.212-113.262	63.10-63.50	Germany	4.17¾-4.21¾
Hong Kong Dollar	10.355-10.375	5.8215-5.8265	Italy	2260-2335
Iran Rial	146.00*	82.25*	Japan	420-426
Kuwait Dinar (KD)	0.504-0.510	0.2865-0.2866	Netherlands	4.65¾-4.69¾
Luxembourg Fr	79.40-79.50	44.72-44.74	Norway	10.64-10.74
Malaysia Dollar	4.1505-4.1580	2.3210-2.3240	Portugal	126-136
New Zealand Dlr	2.3080-2.3130	1.3005-1.3020	Spain	184½-194½
Saudi Arab. Riyal	6.04-6.10	3.4295-3.4315	Sweden	10.34-10.44
Singapore Dollar	3.7575-3.7640	2.1165-2.1185	Switzerland	3.44½-3.48½
Sth. African Rand	1.8585-1.8605	1.0465-1.0475	United States	1.76-1.78
U.A.E. Dirham	6.47-6.53	3.6715-3.6735	Yugoslavia	93-99

† Now one rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU April 26	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.6963	45.0374	+0.76	+0.84	±1.5440
Danish Krone	8.18382	8.09581	-1.08	-0.80	±1.6429
German D-Mark	2.41815	2.38856	-1.30	-1.12	±1.1097
French Franc	6.19564	6.22314	+0.48	+0.66	±1.3743
Dutch Guilder	2.67296	2.64883	-0.90	-0.72	±1.5069
Irish Punt	0.686799	0.690546	+0.55	+0.73	±1.6689
Italian Lira	1305.13	1318.68	+1.04	+1.04	±4.1242

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

Sterling/ECU rate for April 26 ... 0.556983

EXCHANGE CROSS RATES

April 26	Pound St'rling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.776	4.218	423.5	10.985	3.475	4.685	2327.	2.170	79.45
U.S. Dollar	0.563	1.	2.375	238.5	6.185	1.957	2.638	1310.	1.222	44.74
Deutschemark	0.237	0.421	1.	100.4	2.605	0.824	1.111	551.6	0.515	18.84
Japanese Yen 1,000	2.361	4.194	9.959	1000.	25.94	8.205	11.06	5494.	5.124	187.6
French Franc 10	0.910	1.617	3.839	385.6	10.	3.163	4.265	2118.	1.976	72.33
Swiss Franc	0.288	0.511	1.214	121.9	3.161	1.	1.348	669.5	0.624	22.86
Dutch Guilder	0.213	0.379	0.900	90.39	2.345	0.742	1.	496.6	0.463	16.96
Italian Lira 1,000	0.430	0.763	1.813	182.0	4.722	1.494	2.014	1000.	0.933	34.15
Canadian Dollar	0.461	0.818	1.944	195.2	5.062	1.601	2.159	1072.	1.	36.61
Belgian Franc 100	1.259	2.235	5.308	533.0	13.83	4.374	5.897	2928.	2.731	100.

FT LONDON INTERBANK FIXING (11.00 a.m. APRIL 26)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 11/16	offer 14 13/16	bid 14 11/16	offer 14 13/16

The fixing rates are the arithmetical means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

April 26	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	13⅜-13½	14½-14¾	15-16	8-8¼	1½-2	9 1/16-9 3/16	16½-17½	18-21	14⅛-16½	14¾-15	6½-6¾	20-21
7 days' notice	13½-13¾	14⅝-14⅞	15-16	8-8¼	5½-6	9 1/16-9 3/16	18-19	22½-25¾	14¾-17¼	14¾-15	6 7/16-6 9/16	20-20½
Month	13 13/16-13 15/16	14 11/16-14 13/16	15¼-15⅝	8 3/16-8 5/16	4-4⅛	8 15/16-9 1/16	20-21	23⅛-25	16⅝-17⅜	14¾-14⅞	6⅞-7	19⅝-19⅞
Three months	13 13/16-13 15/16	14⅝-14⅞	15⅝-16	8 3/16-8 5/16	4¾-4⅞	8⅞-9	21½-22½	23⅝-24⅛	16⅞-17⅞	14⅞-15	6⅞-7	18 13/16-19 1/16
Six months	13⅞-14	14⅝-14⅞	15⅞-16¼	8⅛-8 5/16	5 7/16-5 9/16	8⅝-8¾	21-22	23⅝-24⅛	16⅛-17⅛	14¾-14⅞	6 7/16-6 11/16	18 1/16-18 5/16
One Year	13⅞-14	14½-14¾	16⅛-16½	8 3/16-8 5/16	5 7/16-5 9/16	8 5/16-8 7/16	19¼-20¼	23½-24⅛	15¾-16½	14¾-14⅞	6 5/16-6 7/16	16¾-17¼

SDR linked deposits: one month 13 3/16-13 7/16 per cent; three months 13 3/16-13 7/16 per cent; six months 13¼-13½ per cent; one year 12 7/16-13 3/16 per cent.

ECU linked deposits: one month 13 13/16-14 3/16 per cent; three months 14⅛-14½ per cent; six months 13 13/16-14 3/16 per cent; one year 13 5/16-13 11/16 per cent.

Asian $ (closing rates in Singapore): one month 14 11/16-14 13/16 per cent; three months 14 11/16-14 13/16 per cent; six months 14 11/16-14 13/16 per cent; one year 14 9/16-14 11/16 per cent. Long-term Eurodollar two years 14⅞-15⅛ per cent; three years 15-15¼ per cent; four years 15⅛-15⅜ per cent; five years 15¼-15½ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.

The following rates were quoted for London dollar certificates of deposit: one month 14.55-14.65 per cent; three months 14.55-14.65 per cent; six months 14.50-14.60 per cent; one year 14.40-14.50 per cent.

MONEY MARKETS

London rates advance

London clearing bank base lending rate 13 per cent (since March 12)

Interest rates advanced in nervous London money market trading yesterday as further confrontation between the UK and Argentina over the Falkland Islands appeared more likely following developments at the weekend. Three-month interbank money rose to 13 15/16 per cent from 13¾ per cent.

Day-to-day credit was in short supply, and the Bank of England gave assistance of £471m. In the morning the authorities forecast a shortage of about $450m, and gave help of £466m by buying £20m bank bills in band 1 (up to 14 days maturity) at 13⅛ per cent; £227m bank bills in band 2 (15-33 days) at 13 per cent; £95m bank bills in band 3 (34-63 days) at 12⅞-12 15/16 per cent; £8m Treasury bills in band 4 (64-91 days) at 12⅞ per cent; £50m local authority bills in band 4 at 12⅞ per cent; and £66m bank bills in band 4 (64-84 days) at 12⅞-12 15/16 per cent.

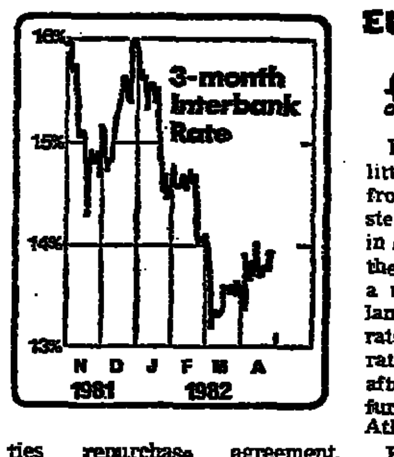
In the afternoon the Bank of England bought a further £5m bank bills in band 1 at 13⅛ per cent.

The major factors influencing the market were: bills maturing in official hands, and a net market take-up of Treasury bills −£475m, and Exchequer transactions −£92m, partly offset by a fall in the note circulation +£152m.

Overnight money moved within a narrow range of 12¾-14 per cent, while seven-day funds continued to firm, to 13¾ per cent from 13 11/16 per cent.

In Frankfurt call money was steady at 9.45 per cent, with market liquidity comfortable despite the draining of DM 5.5bn. through a maturing 34-day securities repurchase agreement. Action by the Bundesbank to renew the facility is not expected, as part of the DM 10.51bn central bank's profit transferred to the Federal Government is likely to add to market funds in the near future.

In Paris call money rose to 16¾ per cent from 16½ per cent. The call rate was cut by ¼ per cent last Monday in response to the French franc's improvement in the European Monetary System.



EUROCURRENCIES

£ rates firm

Eurocurrency rates showed little change yesterday, apart from Eurodollars and Eurosterling, which tended to move in opposite directions for most of the day. Growing fears about a major conflict over the Falklands pushed up Eurosterling rates in early trading, although rates fell back slightly in the afternoon on the lack of any further news from the South Atlantic.

Eurodollars retreated at first following the fall in last week's U.S. money supply, but recovered some of the lost ground after lunch, although still finishing below Friday's levels. The narrowing differentials between dollar and sterling interest rates led to a fall in the dollar's forward discount against the pound. Lower Eurodollar rates also reduced the premium of the stronger European currencies, such as the D-mark and Swiss franc, against the U.S. unit.

MONEY RATES

NEW YORK

Prime rate	16½
Fed. funds (lunch-time)	14⅞-14⅞
Treasury bills (13-week)	12.38
Treasury bills (26-week)	12.52

GERMANY

Special Lombard	9.50
Overnight rate	9.45
One month	9.275
Three months	9.225
Six months	9.00

FRANCE

Intervention rate	16.00
Overnight rate	16.75
One month	16.625
Three months	16.50
Six months	15.375

JAPAN

Discount rate	5.50
Call (unconditional)	7.34375
Bill discount (three-month)	7.09375

LONDON MONEY RATES

April 26 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
Overnight	—	12¾-14	13½-13⅝	—	—	13¼-13½	12¾-13¼	—	—	—
2 days notice	—	—	13⅝-13⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	13⅝-13⅞	13¾-13⅞	—	—	13⅞-14¼	13	—	—	—
One month	13⅞-13 15/16	13 13/16-13 15/16	13⅞	14⅛-14⅛	13¾	14-14¼	13	13⅛-13 3/16	13 3/16	14⅛
Two months	13⅞-13 15/16	13 15/16-14	—	14⅛-14⅛	13⅞	14¼	12⅞	13-13⅛	13⅛	13⅞
Three months	13 13/16-13 15/16	13⅞-14	13⅞	14⅛-14⅛	13⅞	14¼	12¾	13-13⅛	13⅛	13⅞
Six months	13 13/16-13 15/16	13⅞-14	13⅞	13⅞-13½	14	—	—	—	13-13⅛	13¾
Nine months	13 13/16-13¾	13⅞-14 1/16	—	14⅛-14⅛	14	—	—	—	—	—
One year	13 13/16-13¾	13⅞-14 1/16	13⅞	14¼-13⅞	14	—	—	—	—	—
Two years	—	—	14	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 14⅛ per cent; four years 14¼ per cent; five years 14⅜ per cent. фBank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 13⅛-13⅛ per cent; four months trade bills 13⅞ per cent.

Approximate selling rates for one month Treasury bills 13-13 1/16 per cent; two months 12⅞-13 per cent; three months 12⅞-13 per cent. Approximate selling rate for one month bank bills 13 3/16 per cent; two months 13 per cent and three months 13 per cent; one month trade bills 13⅞ per cent; two months 13⅞ per cent; three months 13⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14½ per cent from April 1 1982. London and Scottish Clearing Bank Rates for lending 13 per cent. London Clearing Bank Deposit Rates for sums at seven days' notice 10-10¼ per cent. Treasury Bills: Average tender rates of discount 12.8910 per cent.

Certificates of Tax Deposit (Series 5) 13½ per cent from March 8. Deposits withdrawn for cash 11 per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

[illegible]

INSURANCES

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4. 01-248 9111

Property Fund	226.1	236.6	—	—
Equity Fund	51.1	53.8	-0.2	—
Property Acc.	264.4	278.4	—	—
Equity Acc.	48.9	51.5	-0.2	—
Selective Fund	147.0	154.8	-0.3	—
Money Fund	164.6	173.3	—	—
Convertible Fund	176.6	185.9	—	—
Prop. Fd. Ser. 4	208.8	219.8	—	—
Equity Ser. 4	54.7	57.6	-0.2	—
Man. Ser. 4	196.7	207.1	-0.1	—
Money Ser. 4	149.3	157.2	—	—
Conv. Ser. 4	149.5	157.4	—	—
Fixed Int. Fd. Ser. 4	114.2	120.3	+0.4	—
American Ser. 4	115.9	122.1	+1.8	—
High Inc. Ser. 4	115.7	121.8	-0.4	—
Pension Property	314.1	330.7	—	—
Pension Equity	279.7	294.5	—	—
Pension Selective	147.9	155.7	-0.3	—
Pension Managed	286.9	304.2	+0.2	—
Pension Security	217.7	229.2	—	—
Pension Fixed Int.	110.3	116.2	+0.3	—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	317.4	334.1	+1.2	—
Fixed Int. Acc.	191.1	201.1	+0.3	—
Gtd. Money Fd. Ac.	154.6	162.8	+0.1	—
Intl. Man. Fd. Acm.	148.5	156.2	+1.4	—
Intl. Fxd. Int. Fd.	107.9	113.5	+0.8	—
Prop. Fd. Acc.	158.5	166.6	+0.1	—
M'ple Inv. Acc.	269.8	283.9	+1.3	—
Equity Pen. Fd. Acc.	436.1	459.0	+2.0	—
Fixed I. Pen. Acc.	303.6	319.6	+0.7	—
G'td. Mon. Pen. Acc.	212.5	223.6	+0.3	—
Intl. Mn. Pn. Fd. Acc.	172.2	181.2	+2.0	—
Prop. Pen. Acc.	208.1	219.0	+0.1	—
M'ple Inv. Pen. Acc.	361.1	380.0	+2.2	—

AMEV Life Assurance Ltd.
2-6, Prince of Wales Rd., B'mouth. 0202 762122

Managed Fd.	194.7	205.2	—	—
Money Fd.	142.0	149.5	—	—
Equity Fd.	152.0	160.2	—	—
Fixed Int. Fd.	92.4	97.4	—	—
Property Fd.	146.2	154.1	—	—
Managed Pen. Fd.	166.9	175.9	—	—
Equity Pension Fd.	101.4	106.8	—	—
Fixed Int. Pens. Fd.	115.7	121.5	—	—
High Yield Pens. Fd.	118.6	125.0	—	—

Crown Life—Continued

St. George Mangd. Fd.	108.7	114.4	—	—
Lives & Gen. Fd.	117.8	124.0	—	—
Sage Fd.	83.6	88.0	—	—
Heritage Fd.	75.3	100.5	—	—
DBS Managed	100.2	105.4	—	—
Crown. Brit. Inv. A		217.0	—	—
Pens. Mixed. Fd.	145.7	150.9	+4.6	—
Pens. Mang'd. Acc.	108.7	114.4	+3.5	—
Pens. Mang'd. Init.	105.6	111.1	+3.4	—
Pens. Equity Acc.	100.7	105.9	+6.3	—
Pens. Equity Init.	97.7	102.8	+6.0	—
Pens. Fxd. Int. Acc.	105.9	111.4	+0.7	—
Pens. Fxd. Int. Init.	102.7	108.1	+0.6	—
Pens. Money Acc.	106.8	112.4	+0.3	—
Pens. Money Init.	103.8	109.2	+0.3	—

Crusader Insurance PLC
Tower Hse, 38 Trinity Sq, EC3N 4DJ 488 2323

Growth Prop April 16	104.1	114.4	—	—
Managed Pens Apr 14	112.11	118.10	—	—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	75.1	77.9	-0.1	6.28

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	183.1	192.7	-0.2	—
Higher Inc. Fund	117.7	123.8	-0.3	—
Property Fund	130.1	137.0	—	—
Fixed Interest Fund	135.9	143.0	-0.9	—
Index Linked Secs Fnd.	93.1	98.0	+0.1	—
Gtd. Deposit Fund	133.7	140.7	—	—
Nth. America Fund	109.6	115.3	+1.9	—
Far East Fund	88.3	92.9	+4.2	—
International Fund	101.3	106.6	+2.2	—
Mixed Fund	163.4	172.0	+0.6	—

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

Ind. Pen. Equity	178.5	187.8	—	—
Ind. Pen. Property	141.7	149.1	—	—
Ind. Pen. Fixed Int.	131.9	138.8	—	—
Ind. Pen. Indx Lk. Scs.	103.1	108.5	—	—
Ind. Pen. Overseas	146.5	154.1	—	—
Ind. Pen. Cash	132.9	139.8	—	—
Ind. Pen. Balanced	146.9	154.6	—	—
Ind. Pen. Dep. Admin.	132.6	139.5	—	—

Prices at April 15. Next settlement May 13.
Group Pension Funds—Prices Available On Request.

Family Assurance Society

INSURANCE & OVERSEAS MANAGED FUNDS

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

OFFSHORE AND OVERSEAS

NOTES

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked & Variable Rate

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—Continued

1982 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		Financial				
100	95½	FFI 14pc '83	98¾	......	14.18	14.83
97	94	FFI(UK Fn)5½pcDb. '80-2	97xd	......	5.67	13.90
85	80	Do. 6¾pcDb. '81-84	84xd	+½	7.44	14.22
93	82½	Do. 10¼pc Uns.Ln. '86	91½	......	11.47	14.75
90	78	Do. 11pc Uns.Ln. '88	89	......	12.84	14.10
91	78	Do. 11¾pc Uns.Ln. '90	89	......	13.20	15.08
90	82	Do. 12¼pc Un. Ln. 1992	88¾xd	+¼	14.09	14.32
64½	54	Do. 7¼pcADeb. '89-92	63	......	12.00	14.72
60	53	Do. 7¼pcADeb. '91-94	59xd	......	12.28	14.40
70	62	Do. 9pc 'A' '91-94	68½xd	......	13.33	14.78
67½	57⅞	Do. 8¾pcLn. '92-97	66xd	......	13.81	14.90
		Building Societies				
100½	98⅝	Nat'wide 14¾pc 11.8.82	100	......	14.75	14.47
100½	98¾	Do. 14¾pc 25.8.82	100	......	14.75	14.53
101	99	Do. 15¾pc 29.9.82	100¾	......	15.34	14.52
101⅞	99¾	Do. 16¼pc 27.10.82	100⅞xd	......	16.11	14.28
100⅞	99½	Do. 15¾pc 24.11.82	100⅞xd	......	15.24	13.74
101	99¼	Do. 15¾pc 13.12.82	100¼	......	15.21	14.36
101½	99¾	Do 16¼pc 17.1.83	101	......	16.09	14.76
101⅛	100	Do. 15⅝pc 7.2.83	100⅝	......	15.53	14.76

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

LEISURE

[illegible]

LEISURE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

MINES—Continued

Central African

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
120	75	Falcon Rh.50c	90	......	Q25c	10.3	20.7
33	20	Wankie Col. Z$1	25	......	Q5c	1.2	9.5
21	16	Zam.Cpr.SBD0.24	18	......	—	—	—

Australian

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
23	10	ACM 20c	23	......	—	—	—
7	2½	Argosy Gold NL 25c	3	......	—	—	—
151	62	Bond Corp.	75	−3	gQ10c	2.3	8.4
82	63	Bougainville I Kina.	82	+3	Q6½c	1.2	4.8
182	154	CRA 50c	182	+4	Q5c	—	1.6
17	9	Canada Northwest	9	......	—	—	—
16	10	Carr Boyd 20c	14	......	—	—	—
56	22	Central Pacific	35	......	—	—	—
26	10	Cultus Pacific N.L.	26	+1½	—	—	—
27	14	Eagle Corp. 10c	23	−½	—	—	—
23	14	Endeavour 20c	16½	......	—	—	—
368	160	G. M. Kalgoorlie 25c	230	+15	Q32½c	0.9	8.6
10	2½	Great Eastern	3	......	—	—	—
63	38	Greenbushes Tin 50c	46	+1	Q6c	1.9	7.8
170	134	Hampton Areas 10p	154	......	2.5	3.1	2.3
32	15	Haoma N.W.	17	+1	—	—	—
22	9	Intl. Mining	16	......	—	—	—
30	10	Jimberlana (50cFP).	13	......	—	—	—
9½	2¾	Kalbara Min 20c	4	......	—	—	—
100	60	Kitchener NL 25c	72	+2	—	—	—
14	9	Leichardt Expln.	12	......	—	—	—
190	92	Meekatharra 25c.	146	+4	—	—	—
44	16	Metals Ex. 50c	30	+5	Q3c	1.7	6.0
28	12	Metramar Mns. 20cts.	26	......	—	—	—
10	4½	Mid East Mins. NL	6	......	—	—	—
194	145	M.I.M. Hldgs. 50c	194	+8	‡Q5c	φ	1.5
57	10	Mincorp 20c	14	......	—	—	—
8	4	Minefields Expl. 25c.	5	+1	—	—	—
18	14	Newmetal 20c	17	......	—	—	—
30	8½	Nickelore N.L.	14½	......	—	—	—
160	110	North B. Hill 50c.	132	+5	‡Q18c	1.0	‡
*84	15	Nth. Kalgurli	26	+3	—	—	—
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Tins

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
255	195	Tronoh $M1	205	......	‡Q110c	1.2	‡

Copper

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
325	195	Messina R0.50	230	+10	Q60c	5.2	13.9

Miscellaneous

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
40	20	Anglo-Dominion	23	......	—	—	—
16½	13	Burma Mines 10p	16	......	0.55	φ	5.1
130	35	Colby Res. Corp.	60	......	—	—	—
292	210	Cons. Murch. 10c.	238	......	Q60c	1.9	13.9
8	5½	‡‡Explaura Gold	6	......	—	—	—
105	65	Highwood Res.	70	+5	—	—	—
255	165	Northgate C$1	215	+5	—	—	—
468	412	R.T.Z.	438	−2	16.0	φ2.1	5.3
£108½	£93½	Do.3⅝%Cv.Ln.'95-2000	£101	−1½	Q3⅝%	φ	19.7
20	12	Sabina Inds. C$1.	17	+1	—	—	—
44	27	‡Southwest C. 10p.	41	......	—	—	—
500	270	Tara Expln. $1	345	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsetable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- ✻ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xcl ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

			IRISH		
Albany Inv. 20p	41	+1			
Bertrams	17#	......	Conv. 9% '80/82	£95¼	......
Bdg'wtr. Est. 50p	420	......	Nat. 9¾% 84/89	569	......
Craig & Rose £1	£22¾	......	Fin. 13% 97/02	£72¾	......
Finlay Pkg. 5p	29½	+½	Alliance Gas	78	......
Graig Ship. £1	£22	......	Arnott	220	......
Higsons Brew	78	......	Carroll (P.J.)	72	......
Holt (Jos) 25p	575	......	Concrete Prods.	90	......
I.O.M. Stm. £1	125	......	Heiton (Hldgs.)	28	......
Pearce (C. H.)	£21¾	......	Irish Ropes	96	......
Peel Hldgs.	145	......	Jacob	70xd	......
Sheff. Refrshmt	75	......	T.M.G.	7	......
Sindall (Wm.)	205	......	Unidare	44	......

OPTIONS

3-month Call Rates

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 31

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES

Tuesday April 27 1982

Developing states hit by short-term loan costs

By Peter Montagnon, Euromarkets Correspondent

MORE DEVELOPING states could face foreign exchange cash-flow problems because of a growing tendency to take up short-term loans, says an Amex Bank study.

It is published in the bank's latest monthly review. It shows that debt service payments by developing nations are much higher than suggested by many conventional analyses. These ignore short-term credit repayments to commercial banks.

Last year payments of interest and principal by developing states on their medium- and long-term debt totalled $62bn (£38.9bn) only. If short-term obligations are included, however, the total rises to $175bn. This is half of their earnings from visible and invisible exports.

The study covers all developing states except oil-exporting nations that have large balance of payments surpluses, such as Saudi Arabia, Kuwait and the United Arab Emirates.

States which export oil but still borrow heavily, such as Mexico and Indonesia, are included. So are all developing nations of Africa, Latin America and Asia.

Since 1977 total debt service payments by developing states have tripled, Amex says, while debt service payments on medium- and long-term debt have only doubled.

The bank says cash-flow management has become crucial for

LDC DEBT REPAYMENTS TO COMMERCIAL BANKS

	All bank debt	of which short term
	$bn	$bn
1977	25.6	n/a
1978	50.0	42.1
1979	61.2	48.6
1980	83.8	68.1
1981	112.1	94.7

developing states because debt problems usually surface first in the area of short-term credit.

A state using short-term credit to compensate for lower-than-expected commodity-export revenues risks export shortfall being not just temporary. It thus has to finance long-term needs with short-term borrowing, the bank says.

As a borrower it becomes highly vulnerable to a sudden loss of confidence by lenders or to a bunching of repayment dates.

Mexico is borrowing heavily in short-term markets and Argentina, whose financial problems have been compounded by the Falklands crisis, is traditionally a heavy receiver of short-term funds.

Details, Page 28

Weather

UK TODAY

MOSTLY dry with sunny intervals. A little drizzle in the South-East at first.

London, S. and S.E. England, Channel Islands

A little drizzle at first, becoming brighter and mainly dry. Max 14C to 15C (57F to 59F).

Aberdeen area, Central Highlands and N. Scotland

Cloudy throughout, with a little rain or drizzle at times. Patchy hill fog. Max 10C to 12C (50F to 54F).

Rest of the country

Dry with sunny or clear intervals. Max 14C to 16C (57F to 61F).

Outlook: Cloudy, cool and showery in Central and Northern districts. Mainly dry and warm in the South.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	C	16	61	L. Ang.†		—	—
Algiers	F	16	61	Luxmbg.	C	9	48
Amsdm.	C	11	52	Luxor	S	32	90
Athens		—	—	Madrid	C	14	57
Bahrain	S	34	93	Majorca	F	18	64
Barclna.	S	17	63	Malaga	F	18	64
Beirut		—	—	Malta	R	13	55
Belfast	F	14	57	Mchstr.	F	15	59
Belgrd.	C	13	55	Melbne.		—	—
Berlin	C	12	54	Mx. C.†		—	—
Biarritz	S	14	57	Miami†	R	22	72
Bmghm.	C	13	55	Milan	S	17	63
Blackp'l	S	12	54	Montr'l†	F	12	54
Bordx.	S	17	63	Moscow	F	10	50
Boulgn.	C	10	50	Munich	C	10	50
Bristol	C	16	61	Nairobi	C	25	77
Brussels	C	9	48	Naples	C	13	55
Budpst.	F	13	55	Nassau		—	—
Cairo	C	19	66	Nwcstl.	C	12	54
Cardiff	C	16	61	N York†	C	13	55
Casbca.	C	19	66	Nice	S	18	64
Cape T.	C	18	64	Nicosia	S	22	72
Chicg.†		—	—	Oporto	S	18	64
Cologne	C	9	48	Oslo	S	12	54
Cpnhgn.	S	13	55	Paris	C	13	55
Corfu	S	18	64	Perth	S	19	65
Denver†	F	3	37	Prague	C	7	45
Dublin	S	15	59	Rykjvk.	C	6	43
Dbrvnk.	S	16	61	Rhodes	S	18	64
Ednbgh.	S	14	57	Rio J'ot		—	—
Faro	F	19	66	Rome	F	17	63
Florence	S	20	68	Salzb'rg	C	12	54
Frankf't	C	9	48	S'ciscot		—	—
Funchal		—	—	S. M'ritz		—	—
Geneva	S	14	57	Singapr.	F	32	90
Gibrltr.	C	15	59	S'tiagot		—	—
Glasg'w	S	15	59	Stckhm.	C	7	45
G'rnsey	S	11	52	Strasb'g	C	15	59
Helsinki	C	7	45	Sydney		—	—
H. Kong	C	24	75	Tangier	F	15	59
Innsbr'k	S	13	55	Tel Aviv		—	—
Invrnss.	C	13	55	Tenerife	S	17	63
I.o.Man	S	12	54	Tokyo	F	22	72
Istanbul	S	13	55	Tor'nto†	F	11	52
Jersey	S	13	55	Tunis	C	17	63
Jo'burg	F	18	64	Valencia	S	17	63
L. Plms.	F	22	72	Venice	S	17	63
Lisbon	S	18	64	Vienna		—	—
Locarno	S	18	64	Warsaw	R	7	45
London	C	12	54	Zurich	S	12	54

C—Cloudy. F—Fair. R—Rain. S—Sunny
† Noon GMT temperatures.

MUBARAK CALLS FOR PEACE INITIATIVE

Israelis shoot at demo

BY CHARLES RICHARDS IN CAIRO AND DAVID LENNON IN TEL AVIV

ISRAELI troops fired on Palestinian demonstrators in the occupied West Bank yesterday as President Hosni Mubarak, the Egyptian leader, marked Cairo's first full day of control over the Sinai in nearly 15 years by calling on other Arab countries to make peace with the Jewish state.

In spite of speculation during the lead-up to Israel's withdrawal from Sinai on Sunday, Mr Mubarak held back from making any overtures to the moderate Arab Gulf states who are reported to be seeking an early rapprochement with Cairo.

But he criticised the Israeli policy of expanding Jewish settlements on the West Bank, which, he said, "cannot but heighten turmoil in the area, increase the gap between Israel and the Arabs and revive suspicions and doubts."

The Egyptian leader said he looked forward to a resumption in the near future of talks with Israel on self-rule for the Palestinian inhabitants of the West Bank.

Both Jerusalem and Cairo evidently expect an intensive U.S. diplomatic effort to bring to a conclusion—which should have been reached by the deadline for the Israeli withdrawal from Sinai — the negotiations on the establishment of a "self-governing authority," foreseen by the original Camp David accords.

Dr Yosef Burg, Israeli Minister of the Interior, who heads his country's team in the negotiations, said yesterday that the time had come to resume the autonomy talks broken off two months ago.

Egypt and the U.S. should "know exactly that Judea and Samaria and Gaza and Golan are ours and there is no discussion about . . . putting any state there," he asserted in a radio interview.

Anti-Israel demonstrations continued in the West Bank yesterday. Stone-throwing Palestinians protesting against the Israeli occupation — and what they fear is Egypt's abandonment of their cause — were dispersed by soldiers in a number of towns and villages.

In one incident, at the village of Yamoun, Israeli troops shot and wounded two Palestinians, one of them a child of nine.

An interim arrangement between Egypt and Israel has been reached over their unresolved dispute concerning between 600 and 700 metres of Red Sea coastline south of Eilat and the demarcation of the border there.

Under a deal worked out by Mr Walter Stoessel, U.S. Deputy Secretary of State, the area known as Taba, where Israeli interests have developed a holiday resort and begun building a luxury hotel, will be placed under the control of the multinational force in Sinai until a final agreement is reached.

The border checkpoint was closed there yesterday but an estimated 2,000 people passed through the one at Rafah, linking the Gaza Strip and newly-recovered Egyptian territory. The one further south at Nitzana was also busy.

At Rafah, however, the Israeli side of the town was placed under curfew after anti-Israeli protests by Palestinian residents. Israeli troops patrolled the streets up to the coils of barbed wire marking the border, which runs through the centre of the town at the southern end of the occupied Gaza Strip.

EEC firm on export credit rates

BY JOHN WYLES IN BRUSSELS

EEC GOVERNMENTS decided yesterday to resist any increase in the internationally agreed interest rates attached to official export credits. They agreed to stand fast after a prolonged discussion in Luxembourg which reflected strong resentment about high U.S. interest rates.

The decision by EEC Finance Ministers leaves the U.S. to make the running in negotiations in Paris next week in favour of raising interest rates for export credits. But the Ten did close ranks with the U.S. on the issue of reclassifying some countries, notably the USSR, so that they receive less favourable subsidised interest rates.

As expected, Mr Jacques Delors, the French Finance Minister, led the attack on a European Commission proposal to seek increases ranging from 0.25 to 1.25 percentage points in the so-called "Consensus" rates.

He linked his opposition with Europe's growing pressure on the Reagan Administration to take steps to lower U.S. interest rates in general, which is expected to reach a climax at the seven-nation world economic summit in Versailles in June.

The French Minister is said to have argued that any need to raise interest rates for export credits stemmed directly from the impact of U.S. domestic rates on the cost of international credit. If the Consensus rates were raised, there would be less external pressure on the U.S. to lower its domestic rates.

The 22 nations participating in the Consensus increased the interest rates for export credits by 2.25-2.5 percentage points last November and agreed to review them after six months. Yesterday's decision means that the Commission, which will represent the Ten in Paris on May 6 and 7, will fight to keep any interest rate increases to a minimum.

However, it will take the initiative in proposing that all countries with a per capita income above $4,000 (£2,250) a year should be categorised as "relatively-rich" on the world scale and therefore be required to pay interest rates on credits for this category of country, which are currently 11-11.25 per cent.

This would affect the Soviet Union, East Germany and Czechoslovakia, as well as Israel and Spain among others.

This move was originally triggered by the declaration of martial law in Poland and the West's intention to penalise the Soviet Union through reclassification. The inclusion of other countries in the exercise is intended to counter complaints of an unjustified political move, singling out the Soviet Union.

The Ten also want to reclassify a number of newly-industrialised countries, raising them from the category of "relatively-poor" to "intermediate." This would mean that they, too, would have to pay more for their credits.

These countries, including Singapore, Hong Kong and South Korea, would be allowed a two-year transition period before being fully charged the intermediate rates, now set at 10.5-11 per cent, compared with the 10 per cent which they are paying at present.

Community Finance Ministers also agreed to resist any moves by Japan to lower the 9.25 per cent rate it is required to attach to its official export credits.

The EEC also agreed that there should be no change in agreements covering so-called mixed credits, a mixture of export credits and aid funds which give the borrower a lower net interest rate.

Government to press ahead with major review of bank taxation

BY WILLIAM HALL, BANKING CORRESPONDENT

THE Government plans a thorough review of the form and scale of UK bank taxation. This has been made clear to the Big Four clearing banks since the Budget and it has come as a shock to some, who feel they are paying enough tax already.

Sir Jeremy Morse, chairman of Lloyds Bank and chairman of the Committee of London Clearing Banks (CLCB), is believed to have met Sir Geoffrey Howe, the Chancellor, earlier this month to seek clarification of Sir Geoffrey's statement in the Budget last month that "we shall need to give much further thought in the coming year to the problem of how best to ensure a sufficient contribution to tax revenues from the banking sector."

Until the Budget, the banks believed they had proven their case about the adequacy of their tax contribution after the Government's imposition of a "one-for-all" profits tax in 1981, which raised nearly £400m.

At the moment they pay relatively-little tax as they have been expanding their leasing business rapidly and sharing the benefits of the substantial capital allowances with their customers, who often do not earn enough to take advantage of the allowances.

The Government realises that if it tries to ensure that the banks pay what many would see as a more equitable amount of tax there is a danger that the banks will simply shift the burden on to customers.

It is understood that there are differing views in the Treasury and the Inland Revenue about this. It is unlikely that officials will begin work on the issues raised until the end of the summer.

In the meantime, the banks face a battle with the Government over measures affecting leasing and double taxation in the current Finance Bill.

Several bank chairmen are annoyed by what they see as the Government's failure to understand their position. Mr Robin Leigh-Pemberton, chairman of National Westminster Bank, last week described the Chancellor's comments as "unjustified and vague."

British banks are among the world's most profitable: after paying last year's special levy, the Big Four still earned more in cash terms than the four biggest U.S. banks. They are a natural target for a Government anxious to raise money, therefore.

The original levy on bank profits is generally considered to have been clumsy.

The authorities were forced to pump £7.3m into the Government-owned National Girobank to restore its capital base because much of its tax payment had to come from reserves.

Continued from Page 1

Ford

Ford said the financial return on sales was far less than achieved in the late 1950s when the company was earning about 12p from every £1 of revenue. Last year, even including interest received, it was only 7p and on manufacturing and trading alone it was 4p.

Ford's operating profit fell 6.47 per cent from £139m to £130m last year but net interest rose from £85m to £90m.

About half the interest was acounted for by payments by the U.S. parent group in respect of loans made by Ford of Britain during last year.

The company said the £656m had now been repaid by the U.S. group. It claimed that the rate of interest received was better than could have been obtained in Britain.

The British company was one of the few profitable Ford subsidiaries last year when the U.S. group recorded a worldwide net loss of $1.06bn following a $1.54bn loss for 1980. Ford of Germany has still to report but is believed to have done a little better than break-even.

The depressed state of the parent group's finances forced it to cut bonuses paid to senior executives around the world. As a result Mr Toy earned £52,591 last year while in the first nine months of 1980 before he left Ford of Britain, Sir Terence Beckett was paid £67,000.

Ford was the only major UK vehicle group to produce profits last year. BL's pre-tax loss was £332.9m while Vauxhall's was £57.4m. Talbot UK has still to report but for the half-year its loss was £47m.

Ford's capital expenditure was £280m in 1981, well below the £324m for 1980. Ford says the figure was below average because "it came between two years of peak product investment. Further committed spending of £503m marks a sharp increase over the £442m in the pipeline a year earlier."

The average number employed fell 5.66 per cent during last year from 76,000 to 71,700.

Pressure grows Continued from Page 1

Foreign Secretary, Mr John Nott, the Defence Secretary, Mr William Whitelaw, Home Secretary, and Mr Cecil Parkinson, chairman of the Conservative Party, as well as defence chiefs) met yesterday morning for 75 minutes to review the position.

The full Cabinet will meet tomorrow rather than today, to allow Mr Pym to attend a meeting of EEC Foreign Ministers which had been postponed from yesterday.

An opinion poll conducted by MORI for the BBC Panorama programme confirms steadily growing support for Government handling of the crisis. The survey conducted on Friday and Saturday before the South Georgia invasion, shows that just over three-quarters of adults are satisfied with the Government's handling of the crisis. Conservative Party support is put at 39 per cent compared with 36 per cent in a previous poll by the same organisation last week. Labour support is estimated at 32 per cent with backing for the SDP/Liberal Alliance falling back to 28 per cent.

Roger Matthews writes: Officials in Whitehall would not discuss alternatives to Mr Haig's mediation efforts because by doing so they might "undermine the chances of American success."

But with Mrs Thatcher having stressed in the Commons that time was short for the British naval task force because of weather conditions, there would seem little opportunity for an alternative diplomatic effort to be launched should Mr Haig decide to call it a day.

There also seems little chance of Britain returning to the United Nations Security Council. It was stated in Whitehall that the British Government wished to see UN Resolution 502 implemented and in the meantime did not see what benefits would accrue from further recourse to the Security Council.

Officials noted that Mr Denis Healey, deputy leader of the Labour Party, had also appeared to be rather less enthusiastic about the opportunities offered by the UN following his trip to New York.

The possibility of Mr Haig making some progress during talks with Sr Costa Mendez, the Argentine Foreign Minister, was not discounted. However "the imprecision of the Argentine decision-making process, which sometimes makes them rather erratic," was also emphasised along with the overall "obduracy" of the military junta.

The issue of Argentine withdrawal from the Falklands appears still to be the vital sine qua non for the British Government. It is hinted that if London was absolutely convinced that there would be a total Argentine withdrawal then the rest of the negotiating process would be somewhat eased.

Polite invasion Continued from Page 1

He said he could not give tactical information on, for example, the number of ships, or the number and type of helicopters and their weapons, involved in the operation, or even on the number of Royal Marines and paratroopers. On this last point he said: "I can only say there were far less of us than of them."

Neither he nor a Defence Ministry spokesman at his side was able to give any more news on the rest of the 50-ship task force believed steaming to the Falklands. Operation information has been controlled since the crisis began more than three week ago and so it was yesterday.

Lt-Col Donkin said the action to retake South Georgia, a desolate island 800 miles from the Falklands, began at dawn on Sunday when British helicopters flew over the old whaling-station of Grytviken on a reconnaissance.

They were fired on, apparently from the shore, when they noticed a surfaced submarine steaming into the harbour. The helicopters opened fire and scored three direct hits.

With smoke and oil belching from its conning tower the submarine—later identified as the 40-year-old Santa Fé—failed to make the jetty, limped to the beach and apparently then disgorged its crew and marine reinforcements in a rush.

THE LEX COLUMN

Filial piety at Ford

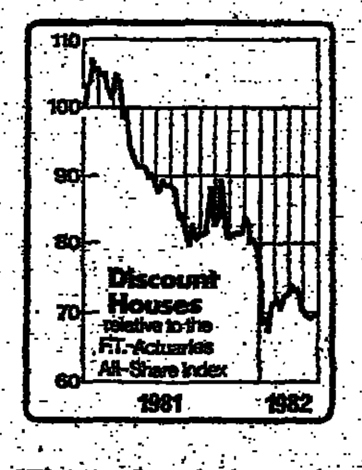
Ford UK seems to be ticking over nicely — operating profits in 1981 slipped only £9m to £130m, while after interest receivable pre-tax profits are £6m lower at £220m. The two halves of the year seem to have been roughly similar, whereas in 1980 all the operating profit arose in the first half.

Much of the interest income accrues to Ford in its capacity as First International Bank of Dagenham. At the end of 1981 the company held £656m of its U.S. parent's promissory notes, which have now—according to the report prepared for employees—been repaid. Periodic lending to the parent is certainly more tax-efficient than paying it a dividend, even though Ford's mainstream corporation tax charge moved up last year as capital spending passed through a temporary trough.

Where does all the cash come from to lend to Detroit? Roughly half of it represented existing liquid balances, while the business is generating a comfortable surplus. It will not surprise the London money market to see that bills payable are up by £110m; effectively, Ford is borrowing from the UK banking system—probably from the Bank of England itself—to finance a dollar-denominated monetary asset. And then creditors have jumped by 35 per cent, or £246m, compared with a 5 per cent rise in sales. The sums owed to Ford's fellow-subsidiaries are up by nearly 60 per cent to £200m.

Ford's recent price adjustments in the UK car market amount to an admission that the pricing structure—which admits cheap "parallel imports" from Europe—is awry. This goes some way towards explaining why, in defiance of labour productivity, Dagenham makes so much more money than Cologne. It's only fair to add that the top-of-the-range cars made in Germany have suffered more in the recession than the UK-built models.

Index rose 0.9 to 568.0



Hongkong Land

As every canny Monopoly player knows, control of the high-rent neighbourhoods holds the key to success. Hongkong Land has built its prosperity on the rents available in Central District, the dark blue section of the board, and has been wise enough to treat its projects there as investments rather than trading properties.

But, after its recent purchase of the Connaught II site for HK$4.8bn, Land is finding that the blue-chip areas are almost full up. It cannot build many more hotels without breaking the rules. Land is developing the less expensive districts, but is not really in the business of erecting hotels in the Old Kent Road. So it has turned its attention to the utilities.

Yesterday's initial purchase of 20 per cent of HK Electric through a consortium for around $1.6bn followed a similar raid on HK Telephone last December. Over the short term, Land would have done better to leave its rental income with the Bank. Electric shares yield only 4.3 per cent at Land's top purchase price of $6.75. But utilities offer high quality earnings growth, together with some tidy assets, and Land is buying when the market is depressed and some of the other players, after several years of heavy buying, are a little strapped for cash.

Clive Discount

Clive Discount made a modest loss in the first half of its financial year to March 31; the interim balance sheet coincided almost exactly with the peak in short-term interest rates. Since then the markets have been much kinder, with base rates down 3 points in 6 months, and Clive has announced a profit of £1.09m against £1.03m, in each case after a transfer to inner reserves.

So there has been some progress in rebuilding the capital base, and meanwhile the shares at 28p yield 8.7 per cent. But Clive's figures are not spectacular enough to get investors excited about the discount house sector, which has been underperforming for more than a year, especially as April will have been a testing month.

Clive claims to have had a very defensive book at its year end. Over the following few days, short-dated gilt-edged stock fell 1½ points, and three discount houses have years ending April 5th.

Simon Eng.

Simon Engineering's interim figures came out at a touchy time last September, and the small pre-tax shortfall was enough to chop the share price down by a tenth. But for the full year the company has maintained its growth track even though overall volume has changed little, producing a £1m increase to £20.3m.

A judicious reshuffling of the manufacturing business has produced a two-thirds improvement to £3.3m in trading profits here. In food engineering equipment the company has been gaining share in difficult markets, while the oil services business in the U.S. has benefited from healthy demand and an acquisition. The question-mark in the current year is the performance of the U.S. economy; but without last year's redundancy costs of £450,000 taken above the line, profits may move above £22m. The shares rose 10p yesterday to 373p, where the yield is 4.9 per cent, covered 2½ times by current cost earnings.

Institutional funds

The latest figures for institutional cash flow underline how misplaced were earlier fears about a squeeze. In spite of the severest recession since the war, the life insurance and pension funds have seen an increase in cash inflows in 1981 comfortably above the level of inflation, at 15 per cent. The gain in the second half was smaller, at 6½ per cent, but this may well represent the trough.

Meanwhile, the level of investment in overseas equities seems to have stabilised well below the peak reached in the early part of 1981. Nevertheless, reduction here does not seem to have brought about any switch into UK equities. The institutions have been investing less in the stock market than would maintain the traditional weighting of UK shares in their portfolios.